



CABINET – 24 APRIL 2023

ENVIRONMENT AND TRANSPORT **2023/24 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 2023/24 Highways and Transportation Capital Programme and Works Programme, which are appended to this report as Appendix A and Appendix B respectively.
2. These Programmes have been developed in accordance with the overall budget envelopes included in the Medium-Term Financial Strategy (MTFS) 2023/24 to 2026/27 as approved by the County Council on 22 February 2023. No additional funding is being sought through this report.

Recommendations

3. It is recommended that:
 - a) The Cabinet notes the evermore acute financial context in which the Highways and Transportation Capital Programme and Works Programme have been developed and will be delivered, as set out in Part B of this report;
 - b) The Environment and Transport 2023/24 Highways and Transportation Capital Programme and Works Programme be approved;
 - c) 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 Programme;

- (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 Programme 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 set out in paragraph 18 of this report; and
- (iii) following consultation with the Director of Corporate Resources, the Director of Law and Governance and the Cabinet Lead Member for Corporate Resources, to undertake preparatory work as considered appropriate to develop savings as set out in the Medium Term Financial Strategy and to consider further savings and implemented in a timely manner.

Reason for Recommendations

- 4. To highlight evermore challenging financial context in which the two Programmes are being developed and will be delivered.
- 5. To approve the Environment and Transport Department's Highways and Transportation Capital Programme and Works Programme for the 2023/24 financial year.
- 6. 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 and Transportation Capital Programme.
- 7. To enable early work to be undertaken on the development of new savings to address the worsening financial position.

Timetable for Decisions (including Scrutiny)

- 8. A report was considered by the Highways and Transport Overview and Scrutiny Committee on 9 March 2023. Its comments are included in Part B of this report.
- 9. Subject to the Cabinet's approval, the Environment and Transport 2023/24 Highways and Transportation Capital Programme and Works Programme will be published on the County Council's website.

Policy Framework and Previous Decisions

- 10. The Highways and Transportation Capital Programme and Works Programme are a rolling financial and business plan that is updated annually. The current Capital Programme and Works Programme were approved by the Cabinet on 29 March 2022.

11. The Cabinet, at its meeting on 23 September 2022, noted the significant financial challenges faced by the Council and agreed the approach to updating the MTFs. The MTFs 2023-27 was approved by the Council on 22 February 2023.
12. The 2023/24 Highways and Transportation Capital Programme and Works Programme has been developed with reference to the Department's key plans and strategies. 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 Cabinet Lead Member).
 - c) The Highways Infrastructure Asset Management Plan – approved by the Cabinet on 15 September 2017 (updated in October 2020 following consultation with the Cabinet Lead Member and subsequently in February 2023 to ensure that it reflected the Council's latest Strategic Plan outcomes).
 - 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.
 - j) The Net Zero Leicestershire Strategy and Action Plan approved by the County Council on 7 December 2022.
13. Leicestershire County Council's Strategic Plan 2022 – 2026 (approved by the County Council in May 2022) outlines the Council's long-term vision for the organisation, as well as for the people and place of Leicestershire. As the effective functioning of Leicestershire's transport system is vital to day-to-day

life and supporting the area's future population and economic growth, the Highways and Transportation Capital Programme and Works Programme will, at least partially, contribute to supporting all of the Strategic Plan's five outcomes, in particular the Programmes supporting the 'Clean, green future' and 'Strong Economy, Transport and Infrastructure' outcomes, for example, in seeking to improve provision for cyclists and maintaining and improving the highway network to seek to reduce traffic congestion.

Resource Implications

14. The MTFFS is the key financial plan for the County Council. The County Council's financial position has been challenging now for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs.
15. Historically, the Council was concerned about the ongoing and consequential impact of the Covid-19 pandemic and the uncertainty of future local government finance settlements. Now all services are also being affected by high inflation, especially in relation to construction, fuel, and energy prices.
16. All of these issues and levels of uncertainty are making financial planning extremely challenging and require the Council to be flexible and adaptable.
17. The Council is now also faced with the significant challenges linked to the war in Ukraine in terms of global energy and food supply and the resultant impact on inflation levels which have risen to levels not seen for many decades. The level of uncertainty in the MTFFS continues to remain much higher than it was before the pandemic and the scale of the challenge to balance the MTFFS by final year is much more significant than has been the case in the past.
18. The overall approach to developing the Authority's Capital Programme has been based on the following key principles:
 - a) To invest in priority areas of growth, including roads, infrastructure, climate change, including 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 Leicester and Leicestershire Enterprise Partnership, section 106 developer contributions and other external funding agencies;
 - g) No or limited prudential borrowing (only if the returns exceed the borrowing costs).
19. 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, including, for example, developer

contributions. Officers will continue to explore and, as appropriate, pursue any additional sources of external funding should opportunities arise.

20. 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 Covid-19 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 evermore restricted available/affordable budgets (in the light of the Authority's dire financial position) and not the other way around.
21. Based on current evidence, future population growth projections and current societal behaviours and expectations, 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. For example, the Authority's funding 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 include (inclusive of meeting 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.
22. Nor is the funding level sufficient to maintain to current standards for Leicestershire's existing highways assets (namely, 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 and other assets will continue to decline.
23. 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 (by 2045) and from the impacts of likely increased extreme weather events on highway assets.
24. 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).
25. The Highways and Transportation Works Programme is resource intensive, both in staff and financial terms. Its delivery in recent years has been affected by the Covid-19 pandemic, which has also had an impact on the timeframes of important work being undertaken by other bodies, including work by district councils to develop new Local Plans; work by other bodies also creates resource pressures that have the potential to affect the Programme's delivery. Additionally, like many sectors of the economy, skill shortages and/or the

inability to retain the necessary skills will continue to impact on the Programme's delivery. The implications of this includes the risk of slippage on programme delivery and cost escalation as market prices increase, currently at rates of inflation that have risen to levels not seen for many decades. Thus, going forward it will be evermore important to ensure that resources are focused on the effective delivery of the approved programme.

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

Circulation under the Local Issues Alert Procedure

27. This report will be circulated to all members of the County Council.

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PART B

Background

28. The Highways and Transportation Capital Programme and Works Programme deliver projects that are key to providing an effective and efficient transport system as is possible to support the needs of Leicestershire's residents and businesses, now and in the future. However, before considering their content in some detail, it is important to provide a contextual perspective in order to understand the limitations on what can be achieved through their delivery.
29. The population of Leicestershire is projected to increase by 23% to 861,000 by 2043. This is higher amongst all age bands in comparison to East Midlands and England averages. The working age population is projected to increase by 5.3%, whilst the greatest cumulative change is projected to occur in the 65+ age group, accounting for roughly three quarters of growth.
30. It is the increasing population that generates additional demands for travel. If the UK's population continues to increase, so will travel demand (and not just by individuals, but also, for example, through increased travel by businesses in order to meet the goods and services needs of a growing population). Evidence (including work currently being undertaken to inform the development of the County Council's next Local Transport Plan (LTP4)), points to one fundamental conclusion: the County Council cannot 'prevent' growth, so unless significant changes occur in societal behaviours and expectations, the extent to which the impacts of growth on the County's transportation system can be mitigated in the future are very limited. Leicester and Leicestershire will not be unique in this regard, given that levels of transport congestion are already more acute in other parts of the country, especially in the southeast.
31. Significant changes in people's behaviour will be required if the impacts of growth on the County's transportation system (and on carbon levels) are to be lessened significantly; this matter will be addressed in future reports to the Cabinet on the development of the Authority's LTP4.

Highway Asset Condition Context

32. The impacts of population growth and the additional travel demands generated do not just have environmental impacts (including presenting challenges to achieving net zero requirements/ambitions) and economic implications (such as impacts on businesses' operating efficiencies and costs arising from increased traffic congestion), but just as significantly will impact on the condition of the County's highway, footways, and cycleway networks.
33. Therefore, the more traffic and people using the networks, the more 'damage' they will incur. It is not only volume of usage that causes 'damage' but the weight and size of vehicles using the road network. In that regard, there appear to be significant risks that the Government's ban on the sale of Internal Combustion Engine (ICE) cars by 2030 and car manufacturers' responses to electrify their ranges could have difficult implications for the condition of roads, for example:

- a) The kerb weight of an electric powered Vauxhall Corsa (the best-selling 'supermini' in the United Kingdom in 2022) is around 350kg (or over 30%) heavier than an ICE powered model¹.
 - b) Many manufacturers (notably Ford with its Fiesta and Focus) are phasing out smaller models in favour of larger and heavier electric powered vehicles, which are financially viable to develop.
34. Thus, electrification is increasing the number of heavier cars, which will cause more 'damage' to roads, when even now data is showing a decline in the condition of highway assets nationally. In September 2021 the UK Roads Liaison Group published a report, "The Case for Investing in Highways Maintenance", which outlined many of the issues that are currently affecting the highway network across England (excluding London) and several highlights from the report are included below to provide an overview of the situation from a national perspective:
- a) The condition of roads is increasing motorist operating costs;
 - b) For over six years, the RAC has been reporting that motorists believe that the condition of local roads is getting worse;
 - c) Road users state the road surface condition is a top priority/concern;
 - d) Department for Transport (DfT) data indicates a decline in maintenance undertaken across the local road network, with the minor roads taking the biggest hit;
 - e) DfT data highlights the reduction of strengthening work, with local authorities having to adopt short-term fixes to spread their budget across an ageing asset:
 - f) Recent Annual Local Authority Road Maintenance (ALARM) surveys indicate circa 1% (2,800km) of the local road network degrades into the poor condition category each year; and
 - g) Nearly one in three (31%) of older adults (aged 65+) are prevented from walking more or at all on their local streets because of cracked and uneven pavements (footways). The new research found that half of older adults (48%) would walk more if their pavements were well-maintained.
35. In addition to the Roads Liaison Group report, the 2021 National Highways and Transport (NHT) survey results demonstrate a continuing decline nationally in the public perception of highway maintenance services and network condition.
36. Whilst the condition of Leicestershire's roads continues to be amongst the best in the country, they have not been immune to deterioration. The condition of the County's highway network has been deteriorating at an increasingly rapid rate. This is the case across the overall network, where the percentage requiring maintenance to prevent the need for structural intervention (full replacement rather than resurfacing or other treatment) is increasing. The under-investment in highway maintenance at a national level has meant that the Council has been unable to manage and slow the decline in the condition of the local highway network.

¹ <https://www.topgear.com/car-reviews/vauxhall/corsa-electric> accessed on 29 December 2022

37. Planned, preventative maintenance activities that include larger-scale repairs, such as carriageway surface dressing, remain effective, but this programme only addresses a small percentage of the network in any given year. As planned, preventative work is unable to keep pace with the rate and scale of network deterioration (a problem presently being exacerbated by the soaring costs of construction materials and fuel); this increases the need for routine and reactive repairs. This is not cost effective in the long term, increases carbon emissions, and generates higher numbers of enquiries and claims. However, in recent years there has been a noticeable shift back towards more reactive maintenance due to the need for accelerated interventions and the changing deterioration profile. This is undesirable from a network management perspective where a higher proportion of the underfunded budget is spent on reactive repairs rather than long-term planned maintenance operations.
38. In recognition of the challenges faced in seeking to maintain the County's highway assets, a new Asset Risk Management Strategy (ARMS) is currently being prepared which will codify the Authority's approach to the risk-based approach to asset management. The Strategy will be presented to the Highways and Transport Overview and Scrutiny Committee and the Cabinet in future. The ARMS will help to ensure that funding is invested in the right areas, at the right time to achieve maximum benefit and value.
39. The environmental and economic challenges presented by population growth and the ever-deteriorating condition of the County highway assets would have been difficult to address even in an ideal financial situation, but even more so in the current climate. As a result, there are three particular aspects to consider: the Authority's financial position; costs and inflationary pressures; and Government funding for highways and transportation schemes and measures.
40. The Council's financial position, both in relation to capital and revenue funds, is extremely challenging. As the lowest funded county council in England, the Council has limited capacity to provide capital funding, or forward funding (upfront spend recovered over a period of time) to support planned growth. The focus must therefore be on maximising developer contributions and delivery rather than the County Council filling viability gaps in highways infrastructure requirements.
41. The MTFs 2023-27 presents the Council's response to the financial position and sets out in detail £37.1m of savings (£3.8m for Environment and Transport Department, with £1.8m for Highways and Transport specifically) and proposed reviews that will identify further savings to offset the £88.1m funding gap in 2026/27. This is a challenging task, and should not be underestimated, especially given that savings of £250m have already been delivered over the last 13 years. In addition, over the period of the MTFs, growth of £70.3m is required to meet demand and service pressures with £17.8m required in 2023/24.
42. Together with all authorities the Council, and the UK economy more widely, is now in a serious and unprecedented position due to national and international

factors largely beyond its control, including rapidly rising energy costs, broader inflation related cost increases and demand pressures and costs.

43. The Government's preferred measure of inflation is the CPI (Consumer Price Index) which by October 2022 had risen to 11.1%. However, the Council's cost base does not always reflect CPI. Energy and fuel increases, for example, have a much more significant impact (also, local authorities were not included in the energy price cap support).
44. The construction industry continues to face a number of challenges nationally which has resulted in a high degree of uncertainty and risk, largely centred around the volatility in prices relating to construction-related activity, linked to inflation. Accordingly, construction inflation has been subject to significantly greater rates of inflation than measured by CPI, with percentage changes on-year of up to 17.3%. This has in turn had a huge effect on estimated scheme costs.
45. Thus, in real terms the value of a pound spent now is worth less than a pound spent 12 months ago, meaning in turn that the value of the Highways and Transportation Capital Programme is less in real terms.
46. Even prior to recent impacts of the global Covid-19 pandemic and the war in Ukraine, levels of regular, annual funding from the Government to the Authority had been failing to keep pace with the scale of challenges faced.
47. The Government has tried to address this by, for example, providing local authorities with sporadic short-term funding allocations to deal with problems such as potholes and flooding, or ad-hoc bidding opportunities. Whilst any additional funding is welcome, ad-hoc, short-term funding injections do not provide the necessary financial commitment to enable either a long-term planned approach to the delivery of comprehensive programmes of improvements (for example to deliver a Local Cycling and Walking Infrastructure Plan over a possible period of up to 10 years), nor for an asset management-driven maintenance strategy to be optimally followed. Short-term funding allocations increase demand across the industry and can create a scenario where local highway authorities are effectively competing with each other to secure additional resources from a limited supply pool.
48. The inflationary situation outlined above has only worsened the situation. The County Council will continue to seek to obtain agreement from the Government for additional funding to reduce significant supplementary cost burdens it faces (for example, in respect of the North and East Melton Mowbray Distributor Road scheme).
49. Given this context in which the Highways and Transportation Capital Programme and Works Programme have been developed and will be delivered, it is inevitable that there are limitations as to what they can hope to achieve compared to the scale of challenges. Nevertheless, it is still important that the Authority continues to invest what it can afford in seeking to provide as an

effective and efficient transport system for the people and businesses of Leicestershire.

2023/24 Highways and Transportation Capital Programme and Works Programme

General Overview

50. The 2023/24 Highways and Transportation Capital Programme and Works Programme reflects the Environment and Transport Department's current duties and key highway service-related policies, strategies, and plans, as detailed above, whilst also taking account of the Council's future priorities.
51. The 2023/24 Highways and Transportation Capital Programme and Works Programme will be updated to reflect any changes in national or local legislation. 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, using their existing delegated authority.
52. 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 and achieve net zero requirements and ambitions are highlighted in the overview of the Programmes, as set out below in this report and in Appendix B.
53. The 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, as detailed earlier in this report and in the light of the County Council's carbon reduction commitments.
54. The Department's Capital Programme budget totals £256.1m over the four years 2023-27, of which the major part, £252.0m (98.4%), 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 budget and revenue balances; external contributions such as developer contributions; and earmarked funds.

The 2023/24 Highways Capital Programme

55. The 2023/24 Highways Capital Programme (attached as Appendix A) sets out a summary of the budget breakdown for each of the capital lines set out in the refreshed MTFS. It also presents figures for the period 2024/25 to 2026/27, although those may be subject to change as a result of future MTFS refreshes and/or Government funding announcements.

56. The total highways capital spend for 2023/24 is £74.0m. 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:

- a) Melton Mowbray Distributor Road (MMDR) - North and East Sections £39.1m in 2023/24 - A key element of the Interim Melton Mowbray Transport Strategy (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 four thousand new homes and 30 hectares of employment land. In December 2022, the Cabinet approved to progress to delivery of the scheme and thereby agreed to the Authority borrowing additional scheme costs primarily arising from inflationary pressures. In February 2023, the DfT approved the scheme's Full Business Case, triggering the release of the £49.5m Large Local Majors Fund contribution. Work on site has now commenced on the main contract for the scheme with completion expected in winter 2024/25.
- b) Melton Mowbray Distributor Road - Southern Section, £1.8m in 2023/24 - 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. As with the North and East (NE) sections of the MMDR, this is a complex and expensive project. Thus, as per the NE MMDR, its eventual delivery will be dependent on further approvals by the Cabinet.
- c) Zouch Bridge Replacement – Construction and Enabling Works, £1.0m in 2023/24 - This will help to address structural issues with this bridge on the A6006. A temporary weight limit has already been imposed to protect the current structure.
- d) County Council Vehicle Replacement Programme, £3.0m in 2023/24 - Investment in new vehicles to replace aged vehicles and reduce running costs.
- e) Advance Design / Match Funding, £2.6m in 2023/24 - It is perhaps now more important than ever, given the need to support economic recovery in the light of the Covid-19 pandemic's impacts and to achieve net zero, that the Authority retains the ability to fund work that enables a pipeline of transport projects to be maintained. This funding will cover, among other things:
 - i. Ongoing transport strategy development and delivery, including the IMMTS in full, ICTS in full, Southeast Leicester Transport Strategy (supporting the delivery of the Oadby and Wigston Local Plan and in particular its key housing allocations), key elements of which

include measures to seek to improve provision for sustainable transport modes, bringing health and carbon reduction benefits.

- ii. Through the Charnwood Growth Fund, ongoing work to develop transport strategies for Loughborough and Shepshed, Soar Valley, and North of Leicester areas to support the delivery of Charnwood Borough Council's emerging Local Plan and address cross-boundary transport impacts and requirements (principally in relation to the City of Leicester).
- iii. Ongoing development of a programme of Local Cycling and Walking Infrastructure Plans (LCWIPS), including for Shepshed, Loughborough and the North of Leicester (which will feed into the Charnwood area transport strategies referred to above), with additional monies having been moved from other lines within the Advanced Design Budget to increase the level of funding available in comparison to last year (recognising the carbon reduction and health benefits that increased levels of cycling can bring).
- iv. Ongoing work for the next priority MRN (Major Road Network) corridor, the A6 North between the Leicester Boundary and Kegworth (including the A6004 / Epinal Way in Loughborough), considering opportunities to improve all modes of travel along this corridor. This will also feed into the Charnwood area transport strategies referred to previously.
- v. Work to identify measures to support the delivery of the new round of Local Plans.
- vi. 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.

- f) A511 / A50 Major Road Network – Advance Design Works (section 106), £2.4m in 2023/24 - 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 Southeast Coalville.
- g) Melton Depot Replacement, £0.7m in 2023/24 - To find an alternative depot site to replace the existing Melton depot for which the lease is due to expire.
- h) Pan-Regional Transport Model* (Refresh) £1.3m in 2023/24 - 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 and funding bids to the Government.

* Previously known as the Leicester and Leicestershire Integrated Transport Model – LLITM

- i) Transport Asset Management Programme £19.2m in 2023/24 - For capital maintenance works for highways and transport assets across the County such as roads and footways.
 - j) Plant renewals £0.1m in 2023/24.
 - k) Property Flood Risk Alleviation £0.7m in 2023/24.
 - l) Hinckley Hub (Hawley Road) – National Productivity Investment Fund £0.4m in 2023/24.
 - m) Safety Schemes, £1.2m in 2023/24 - To enable the delivery of road safety schemes where accident levels highlight that they are required.
 - n) Highways Depot Improvements (Subject to Business case) £0.4m in 2023/24.
 - o) Externally Funded Schemes (section 106) £0.3m in 2023/24. This mainly covers two developer funded schemes which are Mountsorrel Lane, Rothley and countywide Bus Stop infrastructure.
57. The 2023/24 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 2023/24. 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. This includes work on the development of the Authority's next Local Transport Plan (LTP4) and Road Safety Strategy (albeit in both cases progress is dependent on long-awaited guidance/policy position from the Government.)

Capital Grants

58. The majority of grants are awarded by Government departments such as the DfT.
59. The DfT grants have not yet been announced and so estimates have been included, based on previous years. These include:
- a) Integrated Transport Block - £2.8m p.a. (£11.0m overall).
 - b) Maintenance - £9.9m p.a. (£39.5m overall).

- c) Transport Infrastructure Investment Fund (inc. Potholes) - £7.9m p.a. (£31.6m overall).

60. Other significant Environment and Transport Department capital grants included are:

- a) DfT Large Local Majors funding - North and East Melton Mowbray Distributor Road funding - £49.5m
- b) Housing Infrastructure Fund – Melton Mowbray Southern Distributor Road - £16.7m (total £18.2m including previous years).

Forward Funding

61. The County Council recognises the benefits of forward funding investment in infrastructure projects such as early delivery of infrastructure to unlock growth and minimise impact on communities; reduced disruption by managing a large project rather than smaller ones over a number of years; roads to be built and unlock growth in Leicestershire before funding, mainly from section 106 developer contributions, is received.
62. Historically, the County Council has been in a position to provide modest levels of funding to support growth and to make available forward funding for infrastructure. The current financial challenges faced by the Council and the increasing costs of construction (through inflation), labour and material costs mean that, save for certain specific highway projects it is no longer in a position to do so. The Cabinet in November 2022 considered a report on the delivery of infrastructure to support growth and agreed an approach and principles to manage the financial risk to the Authority, namely:
- a) The presumption is that approved developments will cover the costs of all necessary infrastructure, set out by planning condition.
 - b) Where this cannot be achieved as a result of cumulative development, the Council will collate contributions.
 - c) However, the Council will not fund the delivery of schemes until sufficient contributions are secured.
 - d) Where funding gaps exist, developers and local planning authorities will seek contributions from third parties (including funding organisations, i.e., relevant Government departments).
 - e) The Council will lead and support as necessary such requests where appropriate, for example, funding bids to the DfT. External funding would be required for any match funding or significant bid development costs.
 - f) It is recognised that if the Council prioritises education contributions and delivery of additional school places due to its statutory duty, it may at times be necessary to delay delivery of highway infrastructure, meaning that the Council could in principle accept a deterioration in conditions

before infrastructure is delivered. In addition, in prioritising the delivery of education infrastructure, the Council may accept a permanent deterioration in conditions if it is not financially viable to deliver the highways mitigation. However, this will not apply to infrastructure and improvements required to address severe safety impacts arising from development.

- g) Where the Council considers that the overall viability of a Local Plan or development will not allow sufficient mitigation of its impacts and prospect of external funding is low, it may object to its adoption.

Future Funding

- 63. Going forward, the funding position remains uncertain in respect of future levels of Government investment at a national level in major transport projects, given the impacts of the Covid-19 pandemic on the Country's finances, and the affordability of such large projects is a major issue for the Council. This comes at a time when evidence is showing the forecast pressures on Leicester and Leicestershire's transport system, for example, in terms of increased levels of traffic congestion and delays as a result of population and economic growth, and the additional travel demand forecast to be generated, are significant.
- 64. The changing and growing population of Leicester and Leicestershire will generate additional travel demand and demand for ever more homes and jobs (amongst other things). Planning for the needs of the area's future population is likely to create significant additional pressures in terms of requirements for advanced design, development work, scheme business case development, and for potential match funding for transport measures.
- 65. 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:
 - a) DfT and other relevant Government Departments/bodies funding;
 - b) Developer contributions – the Authority needs to maximise and de-risk developer contribution before a scheme is submitted and limit its forward funding of developer contributions; and
 - c) Business rate contributions (e.g., from the East Midlands Freeport proposal where the County Council is acting as the Accountable Body).
- 66. There is a risk of bids to the Government being rejected (as the Authority limits local contributions) or that the Council needs to save developer contributions before starting works so as to avoid having to forward fund.
- 67. The expectation is that without new funding the County Council can only commit to constructing new infrastructure upon receipt of funds from developers. Whilst the County Council will always be mindful of its statutory duty to ensure that highway safety is not compromised, there could be adverse

impacts for development, such as congestion, if sufficient developer funding is not secured through the planning process.

Consultation

68. Where appropriate, 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.

Comments of the Highways and Transport Overview and Scrutiny Committee

69. The Committee considered a report on the Department's Capital Programme and Works Programme 2023/24 on 9 March 2023.
70. Arising from discussion, the following points were noted:
- i. The report highlighted some of the difficulties in maintaining an efficient transport system with current constraints, such as increase in population generating additional demands for travel, increased business travel to meet supply and service needs, and maintenance of assets such as street lighting.
 - ii. The report also focussed on work undertaken to secure external funding for continued investment in Leicestershire's network, active travel and passenger transport networks.
 - iii. There were inflationary impacts on the capital programme, and materials and skills shortages.
 - iv. Recognition that there were supply risks, for example, the retention of people who would otherwise be attracted to industries with large developing activities, such as HS2 which also resulted in competition for materials.
 - v. There was extra impact on the highway network of electric vehicles (ULEVs) which were up to 30% heavier than normal vehicles. A recent study at national level suggested there would be a need for a combination of approaches, for example, the use of alternative fuels, or short journeys moved to active travel, to combat the adverse impact of heavier vehicles on the road structure.
 - vi. The report showed that additional growth in the county meant additional roads, the maintenance of which could not be sustained due to cost. It was reported that work continued with local planning authorities to mitigate the impacts of growth and management of development.
 - vii. With reference to the agenda report on Road Casualty Reduction in Leicestershire, it was noted Narborough Road South, Braunstone Lane and Braunstone Lane East were in second place in terms of the number of

accidents at that location. It was requested that further improvements be considered before committing spend on resurfacing of the named roads.

71. The Committee resolved that the proposed Highways and Transportation Capital Programme and Works Programme for 2023/24 be noted and its comments be submitted to the Cabinet.

Conclusions

72. This year's Highways and Transportation Capital Programme and Works Programme have been put together in evermore acute circumstances. Evidence is showing the enormous challenges faced in seeking to provide for population growth, whilst simultaneously seeking to maintain an effectively operating transport system and achieve net zero requirements/ambitions. Furthermore, the condition of the County's road, footway and cycleway networks is continuing to deteriorate, and more and heavier vehicles will cause further 'damage' to the road network, further exacerbating the problem.
73. Given this context, there are limitations as to what can be achieved through Programmes that the Authority is able to afford and with no apparent prospect at this time of increased funding from the Government, not even to offset the significant impacts of inflation.
74. However, it is important for the Authority to continue to deliver a Highways and Transportation Capital Programme and a Works Programme; this year's Programmes contain important projects that will help to support the area's growth and that seek ultimately to deliver improved facilities across all modes, including for cyclists and pedestrians.
75. Officers will continue work to develop further understanding of the impacts of future growth, which in turn will help to inform the development of future programmes.

Equality Implications

76. There are no equality implications arising directly from the recommendations in this report. It has not been necessary to undertake a detailed equality assessment on the 2023/24 Highways and Transportation Capital Programme and Works Programme.
77. Equality Impact Assessments will be carried out in relation to work undertaken on individual projects contained within the 2023/24 Highways and Transportation Capital Programme and Works Programme, when appropriate.

Human Rights Implications

78. There are no human rights implications arising from the recommendations in this report.

79. Human Rights Assessments will be carried out in relation to work undertaken on individual projects contained within the 2023/24 Highways and Transportation Capital Programme and Works Programme, when appropriate.

Environmental Implications

80. No detailed environmental assessment has been undertaken on the 2023/24 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, in particular in the light of the awaited publication by the Department of Transport of its Quantified Carbon Reduction Guidance.

Partnership Working and Associated Issues

81. Working with key partners, such as Leicester City Council, district councils, DfT, 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

82. The 2023/24 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.
83. 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

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 County Council 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>

Report to the County Council on 18 May 2022 – Leicestershire County Council's Strategic Plan 2022 – 2026

<http://cexmodgov1.ad.leics.gov.uk:9075/ieListDocuments.aspx?CId=134&MId=6482&Ver=4>

Report to the Cabinet on 23 September 2022 – Medium Term Financial Strategy

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6776&Ver=4> (item 163)

Report to the Cabinet on 25 November 2022 – Managing the Risk Relating to the Delivery of Infrastructure to Support Growth

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6751&Ver=4>

Report to the Cabinet on 10 February 2023 – Medium Term Financial Strategy

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7073&Ver=4> (item 4)

Appendices

Appendix A - Environment and Transport 2023/24 Highways and Transportation Capital Programme

Appendix B - Environment and Transport 2023/24 Highways and Transportation Works Programme