Leicestershire County Council

CABINET – 24 MARCH 2026

ENVIRONMENT AND TRANSPORT
2026/27 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 of the Environment and Transport Department 2026/27 Highways and Transportation Capital Programme and Works Programme (Programmes), both of which are appended to this report.

2. These Programmes have been developed in accordance with the overall budget envelopes included in the Medium Term Financial Strategy (MTFS) 2026/27 to 2029/30, as approved by the County Council on 18 February 2026. No additional funding is being sought through this report.

Recommendations

3. It is recommended that the Cabinet:

   a) Approves the 2026/27 Programmes, noting the acute financial context in which they have been developed and will be delivered, as set out in Part B of this report;

   b) Notes the submission of the draft Local Transport Delivery Plan (LTDP) to the Department for Transport (DfT) on 20 March 2026 for review, to meet the DfT's requirements. A separate report will be brought to the Cabinet in September 2026, prior to the submission of the final LTDP;

   c) Authorises the Director of Environment and Transport:

      i) Following consultation with the Director of Corporate Resources and the relevant Cabinet Lead Members, to prepare and submit bids, as appropriate, to secure external funding for delivery of schemes identified in the Programmes;

ii) Following consultation with the Director of Corporate Resources, the Assistant Director of Law and Governance and the Cabinet Lead Member for Corporate Resources, to enter such contracts as is necessary to progress schemes in the approved Programmes to allow early contractor involvement to take place in advance of all external funding required to deliver the scheme being secured, provided that any such arrangements are appropriately limited in scope and progressed in accordance with the Council's Contract Procedure Rules and Financial Procedure Rules, and do not commit the Council beyond the intended early-stage works prior to the relevant funding and governance approvals being in place, noting the challenges set out in Part B of this report; and

iii) Following consultation with the Director of Corporate Resources, the Assistant Director of Law and Governance and the Cabinet Lead Member for Resources, to undertake preparatory work as considered appropriate to develop savings as set out in the Medium Term Financial Strategy and to consider that further savings are implemented in a timely manner.

Reason for Recommendations

4. To highlight the challenging financial context in which the Programmes are being developed and will be delivered.

5. To enable the delivery of the Programmes for the 2026/27 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 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 detailed draft of the LTDP was submitted to the DfT by its deadline of 20 March 2026, meeting the DfT's requirements. This included all spending for 2026/27 and an outline plan to 2029/30.

9. The Highways, Transport and Waste Overview and Scrutiny Committee was asked for its views on the draft Highways and Transportation Capital Programme and Works Programme on 5 March 2026. The Committee's comments are set out in paragraphs 88 to 90 of this report.

10. Subject to the Cabinet's approval, the Programmes will be published on the Council's website afterwards.

Policy Framework and Previous Decisions

11. The Programmes are rolling financial and business plans that are updated annually.

12. The Government's budget, announced in October 2025, set out national spending totals for 2026/27 and a direction of travel in terms of future policy by the Government. In December 2025, the DfT provided details of the new local transport funding system for Local Transport Authorities (LTAs) and confirmed the funding allocations for the next spending review period (2026/27 – 2028/29 for revenue funding; 2026/27 – 2029/30 for capital funding).

13. Alongside providing these multi-year settlements, the DfT now requires each LTA to produce an LTDP, setting out details of how all the available funding has been prioritised, with details of schemes and interventions or programmes and packages of spend. A detailed draft of the LTDP with all spending for 2026/27 and an outline plan to 2029/30, needed to be submitted by 20 March 2026. The final LTDP to 2029/30 is required by 18 September 2026, although it is anticipated that the finer details of the later years' plan will be developed closer to delivery. The Programmes comprise the first year of the LTDP.

14. Following the approval of the provisional MTFS 2026/27 to 2029/30 by the Cabinet on 16 December 2025, the Cabinet recommended at its meeting on 3 February 2026 a proposed MTFS 2026-30 for approval by the County Council. The County Council approved the MTFS at its meeting on 18 February 2026. This approval included an amendment of an additional £160,000 for footway works.

15. The Programmes have been developed with reference to the Department's key plans and strategies and align with these aims. These include:

    a) Highways Asset Management Policy and the Highways Asset Management Strategy – originally approved by the Cabinet on 23 June 2017, the documents were updated in December 2020 and refreshed in June 2025.

    b) Highway Infrastructure Asset Management Plan – originally approved by the Cabinet on 15 September 2017, it was updated in March 2023 and refreshed in September 2025.

    c) Leicester and Leicestershire Strategic Growth Plan – approved by the Cabinet on 23 November 2018.

    d) Environment Strategy 2018-30 – approved by the County Council on 8 July 2020 and its Action Plan 2025-2030.

    e) Network Management Policy, Strategy and Plan – approved by the Cabinet on 15 December 2020.

f) Leicestershire Local Transport Plan (LTP4) – approved by the Cabinet on 22 November 2024.

16. Leicestershire County Council's refreshed Strategic Plan 2024 – 2026 sets out the Council's long-term vision, which is based on five strategic outcomes:

- Clean and Green.
- Great Communities.
- Improved Opportunities.
- Strong Economy, Transport and Infrastructure.
- Safe and Well.

17. The effective functioning of Leicestershire's transport system is vital to day-to-day life and supports the area's future population and economic growth. As such, the Programmes will contribute to supporting all the Strategic Plan's five outcomes, in particular, they support the 'Clean and Green' and 'Strong Economy, Transport and Infrastructure' outcomes, through maintaining and improving the highway network, which can help to reduce traffic congestion.

Resource Implications

18. The Programmes involve significant amounts of money and represent a continued commitment by the Council to deliver on its strategic objectives.

19. However, based on the current evidence, population growth projections and societal behaviours and expectations, the levels of funding available through the Council's own budgets and funding allocations from the Government, while delivering vital work, are insufficient to meet current and future needs of the County. This is evidenced through work underpinning Local Plans development and driven by the growth proposals that those Local Plans include (inclusive of meeting the Government's imposed housing number requirements). Without investment from other sources, growth will be frustrated and/or travel conditions on Leicestershire's transport system will deteriorate.

20. Leicestershire has traditionally been renowned for having well maintained roads. However, a lack of proactive investment over the last decade due to insufficient funding has led to a rapid deterioration of the road network, creating a maintenance backlog which will not be recovered in the short- to medium-term. The multi-year consolidated funding allocated by the DfT is welcomed and will go some way to address the current condition of the highway network but the funding is insufficient to address the overall decline of Leicestershire's existing highways assets (roads, cycleways and footways, verges, bridges, signs, and lines). Again, without additional funding from other sources, the condition of the County's roads and other assets will continue to decline.

21. The Department's risk register recognises that if services do not take into account current and future climate change in their planning, they may be unable to respond adequately to the predicted impacts, leading to significantly higher financial implications and service disruption, as well as making future adaptation more costly.

22. Thus, what monies are available, need to be invested in projects and measures that deliver the maximum benefit over the longest possible period. Also, the importance of ensuring that the Council 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 the Local Plans prepared by district councils provide a robust policy basis for seeking contributions), needs to be emphasised.

23. The Works Programme is resource intensive, both in staff and financial terms. Work by other bodies also creates resource pressures that have the potential to impact on 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 are the risk of slippage on the Programme’s 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.

24. Carrying out monitoring and evaluation for the Programmes is key to ensuring that the Council can assess the impact of the various schemes and interventions being delivered against its Strategic Outcomes and the new Local Outcome Framework (see paragraph 36).The monitoring and evaluation requirements for the new consolidated grant funding from the DfT (as outlined in paragraphs 36-38) will require additional resource to ensure that incentivisation requirements can be met and grant funding maximised.

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

Circulation under the Local Issues Alert Procedure

26. This report will be circulated to all Members.

Officers to Contact

Ann Carruthers
Director, Environment and Transport
Tel: (0116) 305 7000
Email: Ann.Carruthers@leics.gov.uk

Janna Walker
Assistant Director, Development and Growth
Tel: (0116) 305 7215
Email: Janna.Walker@leics.gov.uk

PART B

Background

27. The development of the Programmes has taken place against a challenging and evolving backdrop. In general, the Programmes continue to be affected by increased costs on some major schemes, due to the impact of inflation and more frequent severe weather events, as well as additional pressures in highways maintenance. The following sub-sections of this report will provide further details.

Financial/Funding

28. In December 2025, the DfT announced that it would consolidate and simplify local transport funding for all LTAs, meaning that LTAs will receive the Integrated Transport Fund (ITF) and Bus Services Fund (BSF).

29. These pots will consolidate the following stable formula-based grants:

    a) Highways Maintenance (Capital),
    b) Active Travel (Revenue and Capital),
    c) Local Electric Vehicle Infrastructure (LEVI) Capability Funding (Revenue),
    d) Local Transport Grant (Revenue and Capital),
    e) Local Authority Bus Grant (LABG) (Revenue and Capital).

30. Certain funds which are used to deliver specific schemes (namely Major Road Network, Levelling Up Fund and Structures Fund) are not part of the ITF and BSF funding pots. Neither is the transport element of the resource funding paid via the Local Government Finance Settlement.

31. The purpose of consolidation is to give LTAs flexibility to use funding more effectively and efficiently across programmes and packages of spend to deliver the priorities set out in their Local Transport Plans (LTPs). LTAs will be able to make the strategic decisions that best support their local network and align with wider place-based and local/regional objectives (growth, spatial, environmental and social) and have the freedom to accelerate projects that are most beneficial.

Funding Allocations

32. Based on the 2025 spending review settlement and subsequent ministerial decisions, published allocations for Leicestershire County Council total £251.8m in funding from the DfT for 2026/27 to 2028/29 (2029/30 for capital). This consists of:

    a) £233,337,190 capital (covering 2026/27 - 2029/30),
    b) £18,499,638 revenue (covering 2026/27 - 2028/29).

Table 1: Allocations, by year and spending category, in thousands (£000s)

Fund Type	2026/27	2027/28	2028/29	2029/30
Capital	£48,704	£55,907	£60,684	£68,042
Revenue	£5,835	£6,333	£6,331	-
Total	**£54,539**	**£62,240**	**£67,015**	**£68,042**

33. Below is a breakdown the funding allocations by type with 2025/26 as a comparison.

Table 2: Allocations, by year and fund type, in thousands (£000s)

Allocations	Fund Type	2025/26 (£)	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Active Travel	Capital	1,005	890	890	890	890
Active Travel	Revenue	442	279	279	279	
Highways Maintenance	Capital	28,789	29,785	34,668	37,451	42,815
LABG	Capital	3,146	2,698	2,752	2,806	2,860
LABG	Revenue	4,474	4,758	4,758	4,758	
Local Electric Vehicle Infrastructure Grant (LEVI)	Revenue	217	217	217	217	
Local Transport Grant (LTG)	Capital	15,055	15,331	17,597	19,538	21,477
Local Transport Grant (LTG)	Revenue	581	581	1,079	1,076	
	Total	**53,709**	**54,539**	**62,240**	**67,015**	**68,042**

34. In summary, Leicestershire County Council is allocated funding of £14,273,817 from the BSF (corresponding to the LABG revenue line of Table 2 above), and £237,563,011 from the ITF.

35. The ITF is intended to be used to deliver a wide range of local transport outcomes, but the BSF should only be used to support outcomes for bus passengers/services.

<u>Assurance, Monitoring and Evaluation</u>

36. The funding allocations set out above are conditional on the submission to the DfT of an LTDP setting out how the Council plans to use the consolidated funding to achieve progress against the indicators in the Local Transport Outcome Framework over the funding period. This should provide details of schemes and interventions or programmes and packages of expenditure covering both ITF and BSF.

37. The DfT expects the LTDP to be updated and published annually with a formal submission through an online portal. The DfT and Active Travel England (ATE) should be updated of significant changes through regular reporting. The published delivery plan should also be updated in a timely manner to reflect any significant changes.

38. The DfT has introduced a new transport funding and accountability system which is broken down as below:

a) **Set out what funding is available** - Single grant letters will be issued to LTAs alongside a Memorandum of Understanding that will detail how funding can be used and when DfT agreement is needed.

b) **Set out what the DfT expects LTAs to deliver** – DfT ministers will set priority outcomes – including through a new Local Transport Outcome Framework – that they want LTAs to achieve with this funding in delivering their local plans/priorities.

c) **LTAs develop delivery plans** - A single LTDP will detail how the LTA has prioritised the funding available to deliver shared outcomes.

d) **LTAs report to the Government** - LTAs will report to the DfT to show progress against the delivery plans, key monitoring data and the Local Transport Outcomes Framework via a new online data portal.

e) **Potential intervention by the Government** – The DfT will establish an intervention framework to identify where they can provide further enabling support to LTA delivery, or where additional reporting or engagement may be required. The DfT will monitor and assess LTAs against the reporting of outputs and outcomes – to assess LTA performance and if any DfT actions should be considered.

f) **Evaluation** – All LTAs will be responsible for evaluation of their own funding programmes and schemes. The DfT will undertake a programme level evaluation of its consolidated local transport funding to understand the impact of transport schemes and build a national picture.

<u>Incentive Elements and Interventions</u>

39. There are different incentive arrangements for different transport modes, reflecting their different purposes and characteristics.

a) Highways Maintenance: As was the case in 2025/26, a portion of this funding will be designated as incentive funding. This funding will be subject to Local Highway Authorities demonstrating that they comply with best practice in highways maintenance, for example, through the amount of capital spending on highways maintenance and adopting more preventative maintenance. Leicestershire will receive a total of £105.4m in baseline maintenance funding with £39.3m available in incentive funding over the four-year period.

b) In all four years, at least 25% of the annual incentive funding will be dependent on the Local Highway Authority publishing transparency reports. All incentive funding will be withheld if reports are not published. The DfT will set out further details on the requirements for transparency reports for future years in due course.

c) In 2026/27, 50% of the incentive funding will be subject to the Local Highway Authority's performance. To support the effective investment of the increased funding, the DfT announced a new traffic light rating system for Local Highway Authorities on 11 January 2026. Leicestershire County Council received a red rating overall based on data provided in the 2025 highways transparency report: https://www.leicestershire.gov.uk/sites/default/files/2025-06/local-highways-maintenance-transparency-report.pdf. A discussion has been held with the DfT officials setting out the County Council's position, requesting reassessment of Leicestershire's score on the basis of the total investment into capital maintenance for 2025/26 rather than only on the DfT's grant investment. The DfT's response is awaited and further details on the performance-based measure will be confirmed in due course.

d) Local Authority Active Travel Capability Ratings will remain central to funding allocations for active travel. ATE has reserved some funding to uplift LTA's allocations in response to future increases in capability and performance. For LTAs who increase their capability ratings in 2027/28, the DfT plans to recognise this in Active Travel funding allocations in the following years. This will be paid as part of the quarterly grant payment.

e) Bus funding is contingent on the timely receipt of a delivery plan satisfying the expectations of the DfT.

Wider MTFS Position

40. The challenges that local government has faced are expected to continue and, in all likelihood, worsen. This is due to over a decade of austerity, combined with significant growth in spending pressures, particularly from rising demand and cost within social care and special educational needs services, exacerbated by external factors such as the impact of the Covid-19 pandemic and significant increases in inflation not seen for many decades.

41. The Council is required to set a balanced budget each year. It also has a duty to secure best value by making "arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This duty is supplemented by statutory guidance to which the Council must have regard.

42. The MTFS for 2026-30 projects gaps in all years, with the gaps in the second, third and fourth years being particularly concerning, especially as several mitigations have already been included, such as future increases in Council

Tax. There is a gap of £18m in the first year that (subject to changes from later information such as the Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £36m in year two, rising to £85m in year four, based on a 2.99% Council Tax increase. To have a realistic chance of closing the gap, the County Council will need to quickly identify additional savings or source additional income that allow 2027/28 to be balanced without the use of reserves, which the Efficiency Review will support.

43. The overall approach to developing the Authority's Capital Programme is set out in the MTFS and includes the following key principles:

a) To invest in priority areas of growth, including roads, infrastructure, economic growth and to support delivery of essential services.
b) Capital schemes will only be added to the Programme once a Business Case has been completed.
c) To invest in projects that generate a positive revenue return (spend to save). Minimum 7% return on investment for new schemes.
d) No new forward funding of section 106 contributions.
e) Maximise external sources of income, including capital receipts, section 106 housing developer contributions and bids to external funding agencies.
f) No investment in capital schemes primarily for financial return where borrowing is required anywhere within the Capital Programme.

44. Over the period of the MTFS, a County Council Capital Programme of £501m is required, of which £134m is planned for 2026/27. The main elements for the Department total £275m, including completion of the Zouch Bridge replacement major scheme; investment in the Transport Asset Management programme – preventative and restorative highways maintenance - and the Environment and Waste Programme. Other significant projects include the Melton Depot replacement and the corporate wide vehicle replacement programme.

45. Through prudent financial management and robust budgeting, the Council is in a better position than many other authorities. However, it is severely limited as to the extent to which it is able to fund highway and transport works and programmes from its own budgets, in comparison to the challenges and demands it faces.

Population Growth

46. In December 2025, the Cabinet considered a report on strategic spatial and transport planning. It noted that the population of Leicestershire is projected to increase by 23% to 830,618 between 2018 and 2043. This is higher across all age bands in comparison to the East Midlands and England averages.

47. As the population of Leicester and Leicestershire increases, so will demands for travel (by individuals and, for example, through increased travel by businesses in order to meet the goods and services needs of a growing population).

48. Evidence points to one fundamental conclusion: the County Council cannot 'prevent' growth. Therefore, unless significant changes occur in societal behaviours and expectations, the extent to which the impacts of growth on the County's transport system can be mitigated in the future are very limited.

49. The key pieces of transport evidence conclude:

    a) There is no 'magic bullet' to meeting the needs of the area's growing population, such as a strategy that avoids the need for significant investment in strategic transport infrastructure.
    b) There are cumulative impacts across areas or along particular corridors.
    c) There are no longer any straightforward or inexpensive ways to mitigate the strategic transport impacts of growth.
    d) The scale of strategic transport investment (for all modes) required to address the impacts of growth is becoming increasingly beyond that which a Community Infrastructure Levy, combined with likely future levels of public funding, can afford.

50. The scale of investment in the County's transport system has failed to keep pace with the increased travel demands generated by a growing population. As further growth is coming forward, there is no longer appropriate and suitable transport capacity to support it. In the absence of strategic infrastructure improvements, traffic conditions on existing routes will continue to deteriorate and/or traffic will be displaced on to far less suitable routes, with potential asset management, safety and environmental consequences.

51. Although the new consolidated funding from the DfT is welcomed, the demands on the network in terms of both the impacts of growth and asset deterioration are such that the County Council's ability to invest in constructing new infrastructure will still require significant 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 of development, such as congestion, if sufficient developer funding is not secured through the planning process.

Climate Resilience

52. Transport is an enabler of everyday lives; when it fails, normal life is disrupted. This is becoming ever more the case with the apparent impacts of changes in weather patterns.

53. Leicestershire County Council faces increasing risks to its operations and assets from climate change and extreme weather events. In 2021 the Council produced a Climate Change Risk and Resilience Review and Assessment report. This set out eight high risks and 56 medium risks to Council services due to changes in the UK climate which have already happened, as well as projected changes up to the end of this century.

54. The effects of warmer and wetter winters, hotter and drier summers and more frequent and intense weather extremes include:

    a) Increased levels of, and more frequent occurrences of, highway flooding that result in road closures or damage to vehicles (where people inadvisably attempt to drive through flood waters).
    b) More wind damage to trees, resulting in road closures from blockages caused by fallen trees and, in some cases, fatalities where trees fall on vehicles.
    c) Fresh damage to highway assets or worsening existing conditions, causing risks of increased vehicle damage (and subsequent increased levels of insurance claims to the County Council); in some circumstances, the need for road closures in the interests of safety.
    d) Increases in demand as a result of the impact of bad weather, causing pressures to services which in turn will increase demand for climate adaption to the Council's assets.
    e) Disruption of the delivery of the safe, resilient and operation of the Council's transport networks, including the bus network, which increases the potential for social isolation, which undermines the health and wellbeing of Leicestershire's communities and residents.
    f) Disruption to planned maintenance programmes (for example, where temperatures are too hot to carry out surface dressing), which in the long-term will have implications for the condition of the highway assets.

55. Further, increased levels of flooding, including of property, places pressures on the County Council, as the Lead Local Flood Authority, to be responding promptly by investigating the causes of such flooding, with corresponding resourcing (financial) consequences in terms of increased demand for revenue repairs and for the capital flood alleviation schemes. Therefore, long-term funding is required from the Government.

<u>Highway Asset Condition</u>

56. The impacts of population growth and climate adaption do not just have environmental impacts (including presenting challenges to managing extremes in weather) and economic implications (such as the impacts on businesses' operating efficiencies and costs arising from the increased traffic congestion), but population growth will also significantly impact on the condition of the County's highway assets.

57. The condition of the County's highway network has been deteriorating at an increasingly rapid rate. This is particularly the case in respect of the network overall, where the percentage of network requiring maintenance to prevent the need for structural intervention (full replacement rather than resurfacing or other treatment) is increasing. This situation is reflective of the UK Roads Liaison Group Report and the 2025 National Highways and Transport Network Survey results, which demonstrate a continuing national decline in the public satisfaction of highway maintenance services and the network condition.

58. The under-investment in highway maintenance over many years 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 or mitigate the risks of further deterioration of the Council's highway assets. The Programmes in previous years have only been sufficient to maintain the rate of decline of highway assets.

59. Proactive, planned (as opposed to reactive and unplanned), consistent, and sustained investment in the Council's transport services, and infrastructure condition and capacity, is necessary to mitigate the implications of network deterioration, population growth and climate change. The Council, as the LTA has been operating in circumstances of one-year financial settlements from the Government (an approach that makes it difficult to plan spending effectively); until this year uncertainty in national spending promises; and one-off annual allocations from the County Council's own budgets.

60. For the reasons described in the above paragraphs, the introduction of the consolidated Local Infrastructure Fund allocated over multiple years is welcome. Having foresight of the funding available will allow the Council to develop and deliver more proactive asset renewal programmes rather than depending on short-term reactive interventions. This will start to mitigate the impacts on other service areas due to the impact of poor transport provision, which undermines the health and wellbeing of Leicestershire's communities, as well as the ability for businesses to deliver goods and services in a reliable and timely manner.

61. In recognition of the challenges faced in seeking to maintain the County's highway assets, a Resilient Network Strategy is being developed by the Council. This will codify the Council's risk-based approach to asset management, as laid down in the national Code of Practice 'Well-managed highway infrastructure' 2016 and will consolidate the Council's asset management policies and strategies.

National and Local Policy

62. In November 2024, the Secretary of State for Transport heralded an intended significant shift in national transport policy to put 'the needs of people first'. That is to move away from an approach that delivers transport choices for transport purposes to an approach that more widely reflects peoples' travel needs.

63. The Government called for ideas to inform the development of an Integrated National Transport Strategy (INTS), which will give effect to the policy shift. Following consultation with the Cabinet Lead Member, the Director of Environment and Transport submitted a response to the call for ideas under their delegated powers in March 2025. The Government is yet to publish the INTS, although it is anticipated in Spring 2026; unfortunately, this means that it is not available to inform the 2026/27 LTDP.

64. The Government will be publishing updated guidance on LTPs in due course, but it does not expect LTAs to update existing LTPs ahead of developing the

LTDP for 2026/27 (either for the March or September LTDP deadlines). From the information available, it appears that the County Council's LTP4 Core Document will be well aligned with the intent of the proposed INTS and the draft LTP guidance, as it is based on the premise of transport being an enabler to help improve the health, safety and wellbeing of Leicestershire's communities.

65. The evolving national and local policy situation has come too late to have a material impact on the contents of the proposed Programmes, but it is anticipated that it will have a significant impact on both the content and structure of the Programmes in future years, including the need for greater clarity about how the work of the LTA is helping to deliver on national and local policies and bringing wider health and environmental benefits to local communities. An example of this is when the Government published its new Road Safety Strategy on 8 January 2026, the first one in 10 years and moving forward, the Council will need to take account of the ambitions set out in this Strategy.

Accessibility

66. As part of the allocation of LTF and BSF funding, the DfT has advised that LTAs must role model inclusive policy making and embed active consideration of accessibility within the development and delivery of policies funded through their consolidated funding settlement.

67. In particular, LTAs must assess equalities impacts throughout the policy development and delivery lifecycle, and reflect such consideration in Equality Impact Assessments for individual projects, which must be made available to the Secretary of State upon request:

   i. Co-design policy, infrastructure and service change initiatives funded from consolidated funding with disabled groups.
   ii. Align their processes with the Government's Transport Accessibility Charter, once published.

Local Transport Outcome Framework

68. The DfT has advised that ministers will set priority outcomes through the Local Transport Outcome Framework. This will outline measurable priority outcomes the Government wants LTAs to achieve, reflecting shared national and local priorities for transport in line with the Plan for Change and the priorities in the upcoming INTS.

69. Most indicators will be baselined against national data so there is consistency in how performance is tracked and monitored, and to avoid placing unnecessary data burdens on LTAs. In seeking a proportionate approach to reporting, the Framework does not capture every detailed priority and there are some areas – such as fares and ticketing and key aspects of accessibility – not currently included because there are no readily available measures at an LTA level.

70. As well as considering existing guidance documents, LTAs should also consider the detail in forthcoming national strategies – e.g. the INTS, LTP guidance, Cycling and Walking Investment Strategy 3, the Road Safety Strategy and the cross-government strategy addressing violence against women and girls – when planning and delivering interventions, even if they do not relate to a specific, measurable outcome.

71. Whilst it does not intend to set explicit targets at this stage, the DfT will consider performance against these outcomes as part of an overall assessment of LTA delivery and may explore options for setting more explicit targets for improving outcomes in the future.

Quantifiable Carbon Guidance

72. LTAs are required to report on the forecast carbon emissions estimates of their LTDP as an outcome framework indicator. To achieve this, places must use the Quantifiable Carbon Guidance to provide the DfT with carbon metrics for their proposed programme of interventions. These metrics must include the methods and tools, assumptions, caveats, and justifications for the approaches taken to calculate them.

73. Further detail on reporting, including how places can use the Quantifiable Carbon Guidance to report against the carbon indicator, will be covered in further guidance from the DfT this spring.

2026/27 Highways and Transportation Capital and Work Programmes

General Overview

74. The Programmes reflect the Department's duties and the key highway service-related policies, strategies, and plans, as detailed above, whilst also taking account of the Council's future priorities. The Programmes will be monitored and evaluated to assess success against the LTP4 objectives and priorities.

75. The Programmes will be updated to reflect any changes in national or local legislation by the Director of Environment and Transport and the Director of Corporate Resources (using the existing delegated authority), following consultation with the relevant Cabinet Lead Member. Any decisions taken under delegated authority pursuant to the Recommendations will be exercised in accordance with the Council's Constitution and the relevant officer decision-making and recording requirements.

76. Furthermore, these Programmes will continue to be driven by wider strategic agendas, being heavily informed by transport evidence associated with district councils' work to develop Local Plans. The way particular projects support the delivery of growth is highlighted in the overview of the Programmes, set out further on in this report and in Appendix B.

77. 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 the Government's policy or funding announcements from the Government). The Programmes will continue to evolve, as outlined in this report.

78. A range of factors are considered when preparing the Programmes, such as:

a) Progress with the delivery of prior year programmes.
b) Schemes/projects spanning across multiple financial years (such as continued commitment).
c) Alignment with policies, strategies, and plans.
d) Resource availability.
e) Circumstances, for example needing to adjust in the light of severe weather events.
f) Evidence such as the performance of and the condition of the highway assets, the Local Plans, environment and health, and from public engagement and consultations.
g) Funding.
h) Seeking to maximise value for money and benefits.

79. The Department's Capital Programme budget totals £275m over the four years 2026-30, of which the major part, £271m (99%), 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 grants from the Government and competitive funding streams; capital receipts; the County Council's capital budget and revenue balances; external contributions, such as developer contributions; and earmarked funds.

80. There will be a very limited scope to add further major capital schemes to the Capital Programme, but new LTF funding will allow the reintroduction and expansion of programmes that the Council has not had budget for in previous years, including:

a) Resurfacing or proactive maintenance schemes on footways (this has been the case for many years, and, as mentioned, above results in safety issues, such as slips and trips).
b) Clearing of drainage pipes, culverts or other underground drainage assets.
c) Funding for major renewals, such as the replacement of major assets at the end of their lifespan.
d) Expansion of road safety and accessibility programmes to support communities.

<u>The 2026/27 Capital Programme</u>

81. The 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 2027/28 to 2029/30, although those may be subject to change because of future MTFS refreshes and/or funding announcements from the Government.

82. Over the period of the MTFS, a Capital Programme of £271.4m is required for Highways and Transportation (£501m for the entire Authority's Capital Programme) of which £72.4m is planned for 2026/27. The Programme reflects the need to ensure that monies available are invested in projects and measures that deliver the maximum benefit over the longest possible period whilst noting it still only leads to a managed state of decline. The areas of spend are as follows:

I. Major Schemes

a) Melton Mowbray Distributor Road - North and East Sections, No additional allocation in 2026/27

A key element of the Interim Melton Mowbray Transport Strategy, which supports delivery of the Melton Local Plan. This project enables the strategic growth of the town, in particular helping to support the delivery of around 4,000 new homes and 30 hectares of employment land. Work on the main contract for the scheme is due to complete in spring 2026.

b) Zouch Bridge Replacement – Construction and Enabling Works, £3.7m in 2026/27

A new bridge will replace the old bridge which has major structural issues and has had a temporary weight limit already imposed to protect the current structure. Main construction work has started and will continue until early 2027.

c) Advance Design / Match Funding (Local Transport Plan Implementation), £3.2m in 2026/27

On 22 November 2024, the Cabinet adopted the LTP4 Core Document, which sets out the strategic vision, core themes and policy for how the Council will deliver the transport network to support people, communities and businesses across Leicestershire.

The Cabinet also approved progress onto Phase 2 of the LTP4 development, which will be undertaken over the 2026/27 financial year. This work will focus on the development of the Focused Strategies, the Multi-Modal Area Investment Plans (MMAIPs) Pilot and the Countywide Strategic Transport Investment Plan.

The Focused Strategies will provide transport solutions to issues and challenges which are affecting the vitality and prosperity of Leicestershire's communities and businesses across the County. Initial work has already begun on the development of the first focused strategy: Enabling Travel Choice Strategy. A programme of further focused strategies is also being developed.

The MMAIPs are a key delivery mechanism for the delivery of the LTP4 vision, core themes and policies at the local level, through the identification and implementation of transport solutions. This will be in the form of a strategy and supporting delivery plan covering a five-year period. The first three MMAIPs are being developed and will cover the following areas:

i. Market Harborough,
ii. South of Leicester,
iii. Hinckley.

In these three areas, Local Plans have significant transport needs and challenges, which need to be addressed. In addition, the development of the wider MMAIP programme will also be progressed.

Alongside this, the Council will set out the strategic transport needs and requirements to support the delivery of the LTP4, as well as the objectives of the Leicester and Leicestershire Strategic Growth Plan.

Initial evidence work has taken place, including:

i. Planning for potential new future transport networks across south Leicestershire.
ii. Exploring the potential benefits of improving strategic transport orbital connectivity around the east and south of the Leicester Urban Area.
iii. Understanding more about the make-up of journeys made along the A6 south corridor, including through the Kibworth villages.

Whilst this initial work has not reached any definitive conclusions, it has provided a positive basis for identifying and taking forward further work, which builds on the initial evidence work. In response to local concerns, an initial set of scheme identification and development work has been identified:

i. To develop a multi-modal, mapped strategic vision for the Housing Market Area's future transport system.
ii. To examine options for improving strategic transport orbital connectivity around the east and south of the Leicester Urban Area.
iii. To examine options for the A6 corridor to the south of the City of Leicester, including the Kibworth's villages junction feasibility work.
iv. To explore options for the use of the Eastern District Distributor Road reservation in Oadby.

d) Melton Depot Replacement, £9.3m in 2026/27

To find an alternative highways depot site to replace the existing Melton depot for which the lease is due to expire in December 2027.

e) Market Harborough Improvements, £2.4m in 2026/27

The current programme includes the following schemes:

i. Rockingham Road Cycling and Walking Enhancements - Delivery of a 3-metre shared-use cycle/footway and cycle and pedestrian priority crossings at side roads. The proposals also include upgrades to traffic signals and junction layouts at Gores Lane and at the Clarence Street/Kettering Road junction with St Mary's Road, as well as the installation of a new signalised crossing on Rockingham Road.
ii. Great Bowden Traffic Calming Measures - Implementation of a 20mph zone in Great Bowden, supported by associated traffic calming measures.
iii. Lubenham Hill Walking and Cycling Improvements - Provision of a 3-metre shared-use cycling and walking facility at Lubenham Hill.
iv. Bus Shelter Provision - Installation and upgrade of bus shelters at key locations.
v. Public Rights of Way Improvements - Enhancements to local public rights of way to support safer and more accessible active travel routes.

f) Leicestershire Cycling and Walking Infrastructure Plan Delivery, £0.81m in 2026/27

Budget to enable the development of a Local Cycling and Walking Infrastructure Plan on the ground.

g) A511 / A50 Major Road Network - awaiting Full Business Case approval, proposed to use £10m of section 106 funding in 2026/27

Allocated for the ongoing design work for the scheme, which is partly funded by the Government's Major Road Network programme. This project is a key element of the Interim Coalville Transport Strategy and is essential to enabling the ongoing growth in the area, including to support the delivery of 3,500 new homes in Southeast Coalville. Planning approval has been secured for the Bardon Link Road works, and the Compulsory Purchase Order for required land. together with the Side Roads Order, have both been confirmed by the Secretary of State for Transport for the scheme overall. Subject to the final funding confirmation by the Government, the works are intended to commence on site in winter 2026, with an anticipated completion date of winter 2028.

h) The Parade Oadby, £1.0m in 2026/27

This scheme proposes to upgrade the junction of the A6 (Leicester Road and Harborough Road), joining Regent Street, Stoughton Road and the Parade to make it safer for cyclists and pedestrians.

i) Local Electric Vehicle Infrastructure (LEVI) Full Roll Out, £0.3m in 2026/27

The Government capital funding to subsidise the installation of electric vehicle chargepoints across Leicestershire

II. Minor Schemes / Other

a) Local Authority Bus Grant (LABG), £2.7m in 2026/27

Highway network improvements to support bus journeys.

b) Property Flood Risk Alleviation, £1.2m in 2026/27

Flood alleviations schemes to mitigate the impact of flooding within Leicestershire.

c) Safety Schemes, £2.5m in 2026/27

To enable the delivery of road safety and traffic management schemes where accident levels highlight that they are required or other community needs are identified.

d) Active Travel Infrastructure Improvement, £0.6m in 2026/27

Improvements to walking, wheeling and cycling routes to provide active travel choices for residents.

e) Plant Renewals, £0.1m in 2026/27

Scheduled plant replacement purchases to fully support operational teams with key equipment.

e) Highways Depot Improvements, £0.2m in 2026/27

To carry out improvements to the various highway depots such as building alterations to Mountsorrel depot highway stores.

f) County Council Vehicle Replacement Programme, £4.5m in 2026/27

Investment in new vehicles to replace aged vehicles and reduce running costs. It is a 20-year replacement programme.

g) Externally Funded Schemes (section 106), £1.1m in 2026/27.

This covers developers/section 106 funded schemes.

III. Transport Asset Management

a) Transport Asset Management Programme, £38.8m in 2026/27

For capital maintenance works for highways and transport assets across the County such as roads and footways. Types of maintenance works include surface dressing, patching, bridge repairs, street lighting column replacements, and traffic signal renewals.

Funding - Capital Grants

83. Grant funding for the Authority's Capital Programme totals £274m across the 2026-30 Programme. Most grants are awarded by the Government's departments, such as the DfT.

84. The main DfT grant for maintenance has been announced for 2026/27 as part of a four-year consolidated funding settlement to 2029/30 (see paragraphs 32-34):

   a) Base line allocation 2026/27 – circa £21.8m.
   b) New funding 2026/27 – the maximum potential is circa £8.0m, subject to incentivisation.

The 2026/27 Works Programme

85. The Works Programme (attached as Appendix B) contains actions (such as intervention/work/treatment), some of which are part of longer-term projects that will take place over several years or may be implemented beyond 2026/27. Appendix B provides more information behind the budget lines set out in Appendix A, further highlighting how the work is aligned to the delivery of strategies supporting growth.

Funding

86. The actions outlined in the Works Programme will be funded from a variety of sources, including capital 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 these opportunities arise.

87. Where schemes within the Programmes are funded in whole or in part through external contributions, including section 106 developer funding, expenditure will be applied in accordance with the relevant funding conditions and the purposes set out in the associated planning obligations.

Consultation

88. The Highways, Transport and Waste Overview and Scrutiny Committee considered a report on the Programmes on 5 March 2026. Its comments are provided below:

   a) It was reported that the Government had for the first time provided multi-year funding, enabling the Department to undertake longer-term planning for capital schemes and more efficient procurement. It was noted, however, that wider local government finances remained challenging, with increased demands on services. Growth in population, housing and employment continued to place additional pressure on the highway network, while weather related impacts such as more regular and more severe flooding, were contributing to further deterioration of highways assets.

b) In response to a Member query on how the Authority planned to manage increased network demand anticipated by population growth, the Director explained that work was underway through regional planning processes, including future infrastructure planning, public transport strategy development and ongoing collaboration with partner authorities. It was highlighted that any large scale schemes would require significant investment, far above current funding levels.

c) Some Members raised concerns about the extent of Member involvement in selecting projects and the transparency of schemes not taken forward and the reasons for this. Officers highlighted that schemes were prioritised in line with adopted policies, using evidence, including safety data, flooding impacts and feasibility. Members were assured that flooding schemes were assessed based on severity and property impacts, with internal property flooding given top priority. It was suggested that there were some locations which were prone to river flooding and these were usually expensive engineering projects and that schemes not progressed were usually communicated locally but not shared more widely. The Director undertook to give this further consideration with a view to providing more information to the Committee at a future meeting.

d) Members were assured that the LTDP submitted to the Government had input from the relevant portfolio leads. Due to tight deadlines and late Government guidance, it was difficult to bring this to the Committee but there would be a further final submission of the Plan in September that would allow for Member changes.

e) A Member sought clarification regarding the replacement of the Melton Highways Depot and the potential relocation of the waste site. The Director provided assurance that work was progressing on a search for a new depot due to the significant operational needs in the area. Feasibility work for relocating the waste site was being considered and the Department was investigating the opportunity to merge the two existing facilities with the potential for funding through a future capital funding bid.

f) It was highlighted that pothole reports had risen to more than three times the previous winter’s highest monthly volume. Temporary repairs were being used to keep up with demand. Members were assured that the temporary repairs would be followed with permanent repairs as part of a schedule of works.

g) A Member raised a query about progressing the southern link of the Melton Mowbray Distributor Road. It was confirmed that the link remained part of the Council's long-term strategy, with work continuing with the planning authority and developers as part of the Local Plan with an emphasis on developer led delivery and that potential future funding opportunities were being explored.

h) It was suggested that although the Authority monitored innovation, it had limited capacity for investing in unproven technologies and that national legislation for autonomous vehicles was lacking. Bus services were operated commercially, and technology adoption would be led by operators.

89. It was resolved that the report be noted and that officers be requested to explore criteria for providing greater visibility of schemes not considered.

90. 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 the Members, as necessary.

Conclusion

91. The commitment from the Government to a multi-year settlement is to be welcomed as it is something that the Authority has been campaigning for. However, this does come with its own risks and challenges such as recruiting the necessary staff and procuring contracts in competition with other authorities.

92. This year's Programmes have been put together against a challenging and evolving backdrop. 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 mitigate the effects of extreme weather. Furthermore, the condition of the County's road, footway and cycleway networks continue to deteriorate, and more and heavier vehicles will cause further damage to the road network, further exacerbating the problem. The additional funding will help to mitigate the demands on the highway network but will not be sufficient to address the backlog of maintenance to return them to a good state of repair.

93. This year's Programmes contain important projects that will help to support the County's growth and that ultimately seek to deliver improved facilities across all modes, including for cyclists and pedestrians.

94. The Programmes are of value and importance in delivering on the Council's Strategic Plan's outcomes and seeking to improve the health and wellbeing of Leicestershire communities.

95. Looking beyond 2026/27, the structure and content of future year Programmes are likely to evolve in the light of significant changes in local and national policy, including to reflect and align to the County Council's LTP4 and the proposed INTS, as well as mitigating extreme weather and discussions on local government reorganisation and devolution.

Equality Implications

96. There are no equality implications arising directly from the content of this report. It has not been necessary to undertake a detailed Equality Impacts Assessment on the Programmes.

97. Equality Impact Assessments will be carried out in relation to work undertaken on individual projects contained within the Programmes, when appropriate. This is in line with the latest guidance from the DfT on the commissioning of LTDP and funding expectations. Equality considerations will continue to be kept under review as individual schemes within the Programmes are developed and delivered, and Equality Impact Assessments will be undertaken where appropriate.

98. The DfT has advised that the LTDP should comply with the LTA's statutory requirements, including to have due regard to the Public Sector Equalities Duty; and that the Authority should continue to monitor this and comply with the DfT's requirements. Accessibility and inclusion will be built into the new LTDP.

Human Rights Implications

99. There are no human rights implications arising from the content of this report.

100. Relevant assessments will be carried out in relation to work undertaken on individual projects contained within the Programmes, when appropriate.

Environmental Implications

101. No detailed environmental assessment has been undertaken on the Programmes but assessments will be carried out for major schemes and programmes as appropriate in line with the Equality Impact Assessment carried out for the Council's LTP. LTAs are required to report on the forecast carbon emissions estimates of their LTDP as an outcome framework indicator. To achieve this, places must use the Quantifiable Carbon Guidance to provide the DfT with carbon metrics for their proposed programme of interventions. Further detail on reporting, including how places can use the Quantifiable Carbon Guidance to report against the carbon indicator, will be covered in further guidance in early 2026.

Partnership Working and Associated Issues

102. Working and consulting with key partners (such as Leicester City Council, the district councils, the DfT, National Highways, Network Rail, developers and Midlands Connect), will be considered along with any impact issues, and will continue to be important in seeking to secure additional funding to deliver future transport measures and infrastructure.

Risk Assessment

103. The Programmes have been risk assessed as part of a wider risk assessment of the Department's business planning process and robust governance is in place to identify, assess and mitigate risk across the Programmes.

104. 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, with mitigation strategies put in place to manage identified risks, as appropriate.

Background Papers

Report to the Environment and Climate Change Overview and Scrutiny Committee on 21 June 2022 – Corporate Climate Change Risk Assessment Review 2021
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1292&MID=6754

Report to the Cabinet on 22 November 2024 – Leicestershire County Council's Local Transport Plan 4 (LTP4) Core Document
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7511&Ver=4

Local highways maintenance transparency report – 30 June 2025
https://www.leicestershire.gov.uk/roads-and-travel/road-maintenance/local-highways-maintenance-and-improvements

Report to the Cabinet on 15 July 2025 – Leicestershire County Council's Approach to Flooding
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MID=7878#AI85747

Report to the Cabinet on 16 December 2025 – Strategic Spatial and Transport Planning
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4

Report to the Cabinet on 16 December 2025 – Leicestershire County Council's Approach to Flooding – Spending Proposals for £2 million Redistributed from Reserves
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7880&Ver=4

Report to the Cabinet on 3 February 2026 – Medium Term Financial Strategy 2026/27 to 2029/30
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=8304&Ver=4

Appendices

Appendix A - Environment and Transport 2026/27 Highways and Transportation Capital Programme
Appendix B - Environment and Transport 2026/27 Highways and Transportation Works Programme

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