



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

Thursday, 17 November 2022

Report of the Executive Director - Place

Allocation of 2023-24 Local Transport Plan Highways Capital Settlement
(Cabinet Member for Highways, Assets and Transport)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is a key decision because it is likely to result in the Council incurring expenditure which is, or savings which are significant having regard to the budget for the service or function concerned (this is currently defined as £500,000) and it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

3. Purpose

3.1 To seek Cabinet approval for the addition of the 2023-24 Local Transport Plan grant from the Department for Transport to the Highways Capital Programme providing forward visibility to members and communities and enabling early delivery of those projects within the £120m three-year programme commitment.

3.2 That seek authorisation for the delegation to the Director for Highways to approve any changes to the programme (within the tolerance of the overall budget).

- 3.3 To seek approval for the procurement of all necessary goods/services required to deliver projects in the programme, in accordance with the Council's procurement protocols.
- 3.4 To seek approval for spend to start in current year on 2023-24 schemes in line with budgets set out in Appendix 3 and Appendix 4. This will be funded from current budget allocations held by Place Department and approved by the Director of Highways.

4. Information and Analysis

- 4.1 The Council receives an annual funding grant from the Department for Transport (DfT), which is earmarked for expenditure on highways projects. The amount that the Council receives is based on the application of various criteria relating to its highway assets, such as total length of road (by road type), the number of maintainable bridge structures, and the number of lamp columns that need to be maintained. The award consists of four main funding blocks:
- Highway maintenance block – repair of roads, structures and infrastructure.
 - Integrated transport block – transport capital improvement schemes.
 - Highway maintenance incentive fund – asset management funding.
 - Pothole action fund – repair and prevention of highway defects.
- 4.2 Historically, the Council has experienced fluctuations in Government funding which has created challenges in terms of delivering the Highways Capital Programme. However, the Council's annual block grant from the DfT has been fixed at £27.3m per annum for the years 2022-23, 2023-24 and 2024-2025.
- 4.3 In terms of project delivery, the Highways Capital Programme is still catching up with a backlog of projects from previous years. This backlog was primarily caused by site working restrictions imposed to restrict the spread of Covid-19; however, a number of weather-related incidents have had highways maintenance impacts which could not have been foreseen.
- 4.4 At the Cabinet Meeting on 11 March 2021, the Council set itself a target to clear the backlog of schemes during the next three financial years to bring the Programme up-to-date (Minute No. 47/21 refers). This was likely to mean that a programme in the region of £40m would need to be delivered in the following three financial years.

- 4.5 Utilising a mixed-economy model of in-house resources supported by external suppliers, the Highways Service achieved the £40m spend target in 2021-22. The spend to date in the 2022-23 financial year amounts to roughly £20m; the Council is on-track to achieve the £120m three year programme by the end of 2023-24.
- 4.6 The 2021-22 Programme was delivered against a backdrop of rising materials costs and shortages, largely resulting from a post-Covid boom in construction activity worldwide. Unfortunately, the difficulties relating to materials costs and shortages that were being experienced towards the end of the 2021-22 financial year have been compounded by the war in Ukraine. Resource availability has been declining and costs rising. This has impacted on the costs of delivering schemes both in-house, and through the Council's wider supply chain. A measure of the current uncertainty is that many major suppliers are requesting that new construction contracts must include inflation clauses to allow them to increase costs mid-contract.
- 4.7 Against this backdrop, the Highways Service considers that there is risk that a proportion of the 2022-23 Programme may not be deliverable within time and budget. This could impact upon funding available to deliver the 2023-24 Programme. In recognition of this risk, the 2023-24 Programme seeks to continue to address the historic backlog of delivered projects, whilst accepting the possibility that some 2022-23 projects may need to slip into the 2023-24 Programme.
- 4.8 Whilst the delivery of the £58m 2022-23 Highways Capital Programme is still continuing at pace, and the £120m three-year programme is on track, the final completions and costs of the previously allocated projects being delivered is uncertain, due to the reasons above. A programme of new projects has been allocated within the £27.3m budget, together with a programme contingency to allow for any future uncertainties. Projects from the 2023-24 allocation will be implemented in a phased approach to minimise the risk and implications of these.
- 4.9 New projects in the 2023-24 Programme have been selected and prioritised using the same methodology that the Council has used since 2021, where individual projects are assessed using the DfT's Early Assessment and Sifting Tool (EAST).
- 4.10 Maintenance schemes are scored against:
- Strategic Case - Meeting the Council's asset management needs and Council priorities for 2021-2022.

- Delivery Case - Practical deliverability in year, scheme already in development, evidence of member requests and stakeholder support.
- Financial and Commercial Case - Affordable within the budget available, low-cost risk, reduces future costs and able to be packaged to deliver greater value for money.
- Block Priority - Priority of scheme within block.

4.11 Integrated transport schemes are scored against:

- Strategic Case - Meeting the Council's Local Transport Plan, Investment Protocol and Council priorities.
- Delivery Case - Practical deliverability in year, scheme already in development, evidence of Member and stakeholder support.
- Economic Case - Delivery of economic, environmental and social benefits, and casualty reductions/road safety benefits.
- Financial and Commercial Case - Affordable within the budget available, low-cost risk, reduces future costs and able to be packaged to deliver greater value for money.
- Block Priority - Priority of scheme within block.

4.12 In addition to the above, officers have observed that recent unusual weather conditions – a prolonged period very hot weather with low rainfall, followed by much wetter conditions – appear to have destabilised a number of highway assets across the County. Landslips have taken place at locations which have been stable for many years, requiring urgent attention. At a minimum, this can consist of:

- investigations to determine whether a highway remains safe to use;
- design/implementation of measures to stabilise the highway; and
- temporary patching/resurfacing where landslips have caused breaks/cracks in the carriageway surface material.

4.13 However, the impacts of severe/extreme weather are not just isolated to carriageways, they can affect all aspects of the Highways Service, from highways drainage through to cycle network maintenance. Given the inherent unpredictability of weather-related damage, and particularly the observed increase in landslip activity, funding needs to be set aside for teams across the Highways Service to undertake unplanned high-priority works in response to these unexpected events. Thus, the 2023-24 Programme includes a number of these allocations across the Programme.

4.14 It is stipulated that the annual DfT grant of £27.3m must be allocated as follows:

- £23,699,000 to Highway maintenance projects; and
- £3,672,000 to Integrated Transport projects.

- 4.15 Given uncertainties around project costs, a proportion of the annual grant award will be set aside to act as a contingency sum.
- 4.16 Highway maintenance and integrated transport schemes with the highest total scores are proposed for allocation of funding for 2023-24 are given in Appendix 3. In accordance with the Council's Asset Management Strategy, the proposed programme for delivery in 2023-24 includes a further enhanced number of carriageway maintenance schemes. These are proposed in response to the impacts upon the network of the recent severe weather, feedback from residents and members, and help mitigate future severe weather impacts upon the network.
- 4.17 The major programme of drainage and flood management will continue, in response to the repetitive and serious flood challenges the Council has faced over the past few years and the likelihood of reoccurrence. The significant investment in local road safety schemes will be continued, reinforcing the Council's commitment to enhancing road safety and aiming to reduce the numbers of people killed or seriously injured on Derbyshire's roads. A large programme of further improvements to the County's cycle network, rights of way and sustainable transport infrastructure is also proposed, together with advanced design on schemes for construction in future years.
- 4.18 The proposed allocation of 2023-24 LTP funding is in Table 1 below. This funding is in addition to other previously committed funds for projects to be delivered in 2023-24 (approximately £12m).

Block	%	2023-24 Value
Highway Maintenance Programme		£m
Carriageways	52.9%	£12,543
Footways	11.7%	£2.769
Drainage and flood management	3.0%	£0.700
Bridges, structures, retaining walls and highway boundary structures	6.8%	£1.605
Landslip investigation and remediation	4.0%	£0.950
Signs, lines, and signals	3.0%	£0.700
Street lighting	1.9%	£0.440
Rights of way	3.0%	£0.715

Cycle routes	1.2%	£0.290
Greenways	1.7%	£0.405
Contingency	10.9%	£2.581
Total Highway Maintenance Programme		£23.699
Integrated Transport Programme		
Traffic Management	17.7%	£0.650
Key Cycle Network investment	6.8%	£0.250
Local cycling and walking investment	1.2%	£0.05
Sustainable transport	43.3%	£1.590
Road safety	12.4%	£0.455
Air Quality	2.7%	£0.100
Contingency	15.8%	£0.582
Total Integrated Transport Programme		£3.467
Total 2023-2024 Programme		£27.371

Table 1: 2023-2024 LTP Funding Allocations

- 4.19 The Council will continue to deliver the schemes through the mixed economy model of in-house resources, delivering schemes to a similar value as in previous years, with significant packages of schemes sourced from external design and construction providers to deliver the additional volume. These will be commissioned through previously approved local and national frameworks in order to deliver best value to the Council and to its residents.
- 4.20 Schemes identified to be delivered by the in-house teams include footway resurfacing, structures, reactive capital improvements, drainage investigations, highway improvements, road safety, rights of way, cycle routes and greenways. Schemes identified for delivery from external provider support have been packaged up in order to deliver greater value for money for the Council. In order to minimise any possible disruption to Derbyshire residents and users, network availability will need to be secured for each individual scheme, to ensure coordination between the works by the Council and others. Where clashes are identified, schemes may have to be reallocated to a different delivery time.
- 4.21 Programmes have been divided in order to estimate the proportion of each programme block which will be delivered through each delivery/procurement route. For clarity, In-House Service refers to projects that are entirely delivered in-house; Mixed Economy refers to projects which are largely delivered in-house but with specialist services delivered by external supply chain partners; and External Provider is

projects that are largely delivered by external supply chain partners. The approximate split of works is given in Table 2 below:

Block	Value £m	In-house service	Mixed Economy	External provider
Highway Maintenance Programme				
Carriageways	52.9%	30%	30%	40%
Footways	11.7%	30%	70%	0%
Drainage and flood management	3.0%	20%	80%	0%
Bridges, structures, retaining walls and highway boundary structures	6.8%	20%	60%	20%
Landslip investigations and remediation	4.0%	20%	0%	80%
Signs, lines and signals	3.0%	30%	0%	70%
Street lighting	1.9%	30%	0%	70%
Rights of way	3.0%	30%	70%	0%
Cycle routes	1.2%	100%	0%	0%
Greenways	1.7%	100%	0%	0%
Total Highway Maintenance Programme	21.118	30%	37%	33%
Integrated Transport Programme				
Traffic Management	17.7%	100%	0%	0%
Key Cycle Network investment	6.8%	60%	40%	0%
Local cycling and walking investment	1.2%	60%	40%	0%
Sustainable transport	43.3%	60%	40%	0%
Road safety	12.4%	50%	0%	50%
Air Quality	2.7%	100%	0%	0%
Total Integrated Transport Programme	3.090	68%	24%	8%
Total 2023-2024 Programme (excl. contingency)	24.208			

Table 2: In-house service, mixed economy and external provider programme allocations

4.22 In order to maximise the potential to deliver the projects at pace in 2023-24, it is proposed to split the allocation into two delivery phases. It is proposed that initial design of projects in Phase 1 will commence immediately following Cabinet approval of the 2023-24 allocation. This will be achieved using funds already approved within the 2022-23 funding allocation for this purpose. Through this approach, a significant proportion of the Phase 1 2023-24 projects will be able to commence

construction early in the 2023-24 financial year. The allocation of Phase 1 and 2 projects is set out in Table 3.

Block	Phase 1	Phase 2
Highway Maintenance Programme	£m	£m
Carriageways	£7.73	£4.83
Footways	£2.54	£0.23
Drainage and flood management	£0.55	£0.15
Bridges, structures, retaining walls and highway boundary structures	£1.18	£0.43
Landslip investigation and remediation	£0.73	£0.23
Signs, lines, and signals	£0.45	£0.25
Street lighting	£0.22	£0.22
Rights of way	£0.53	£0.19
Cycle routes	£0.15	£0.15
Greenways	£0.25	£0.16
Contingency	£1.98	£0.60
Total Highway Maintenance Programme	£16.29	£7.41
Integrated Transport Programme		
Traffic Management	£0.45	£0.20
Key Cycle Network investment	£0.25	£0
Local cycling and walking investment	£0.05	£0
Sustainable transport	£1.47	£0.12
Road safety	£0.46	£0
Air Quality	£0.05	£0.05
Contingency	£0.57	£0.01
Total Integrated Transport Programme	£3.29	£0.38
Total 2023-2024 Programme		£27.37

Table 3: 2023-2024 Delivery Phasing

- 4.23 Where it is clear that a change is needed to be made to the 2023-24 Programme, it is recommended that Cabinet delegates this decision to the Director of Highways.

5. Consultation

- 5.1 Members were consulted in January 2022 for requests to be considered in the allocation for 2023-24 projects. A total of 233 requests were received from 26 members. New projects included in the 2023-24 Programme were prioritised in accordance with the evaluation criteria prioritisation matrix and scoring definitions.

6. Alternative Options Considered

- 6.1 Delaying the 2023-24 allocation of projects until the 2022-23 Programme has been delivered and final costs have been determined. This would delay the start of projects creating a high risk of not delivering the £120m Highways Capital Programme commitment. Not recommended.

7. Implications

- 7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

- 8.1 None identified.

9. Appendices

- 9.1 Appendix 1 – Implications.
- 9.2 Appendix 2 - Scheme Assessment Scoring Definitions.
- 9.3 Appendix 3 – 2023-24 Highways Capital Delivery Programme.
- 9.4 Appendix 4 – 2023-24 Highways Capital Delivery Programme (Detailed Cost Breakdown) – Restricted.

10. Recommendations

That Cabinet:

- a) Approves the acceptance of the 2023-24 Local Transport Plan grant from the Department for Transport to the Highways Capital Programme and gives permission to procure all necessary goods/services in accordance with the Council's procurement protocols.
- b) Approves the proposed scheme list and budget allocations as detailed in Appendix 3 and Appendix 4.
- c) Authorises spend to start in current year on 2023-24 schemes in line with budgets set out in Appendix 4 to be funded from current budget allocations held by Place Department and approved by the Director of Highways.

- d) Delegates to the Director for Highways, the authorisation to approve any changes to the programme, (within the tolerance of the overall budget).

11. Reason for Recommendations

- 11.1 To deliver Highways and Transport maintenance and improvement schemes in accordance with the Council's Financial Regulations.

12. Is it necessary to waive the call in period?

- 12.1 No.

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Implications

Financial

- 1.1 The maintenance and integrated transport block allocations are received annually in the form of direct grants from central Government. The 2023-24 funding allocations from the Department for Transport (DfT) are expected to be £27.3m. Details of the proposed programme allocations are set out in paragraphs 4.14 to 4.23 above.

Legal

- 2.1 The Traffic Management Act 2004 requires the County Council to publish advance notice of highway schemes or apply for permits to work. The Local Transport Act 2008 requires the County Council to prepare a Local Transport Plan containing its highways and transport policies and its proposals for the implementation of those policies, with the Service Plan forming a part of this implementation plan.

Human Resources

- 3.1 Services will continue to be delivered using a mixed economy model of in-house services with support from external providers.

Information Technology

- 4.1 Where appropriate, the Data Privacy Impact Assessment (DPIA) and Supplier Information Security Policy (SISP) process will be followed.

Equalities Impact

- 5.1 N/A.

Corporate objectives and priorities for change

- 6.1 The delivery of the Highways Capital Programme is a specific Council Headline Initiative within the Council Plan 2021-2025.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 External construction materials supply and pricing implications due to the local and global issues and energy price rises are closely monitored and mitigated through the programme risk register and issues log.

7.2 The Programme level risks will be managed through the programme risk register and issues log. These include the on-going external impacts of professional staff shortages, material shortages and energy price rises upon existing Council staff, providers and suppliers. There remains a possibility of another Covid-19 resurgence, which would impact upon our own internal resource, and that of our delivery partners. Risks may be ongoing or arise at very short notice and can cause delays or the need for changes to the programme. Red level risks and their mitigations will be presented to and monitored by the Highways Programme Board.