



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

19 October 2023

Report of the Executive Director - Place

Allocation of 2024-25 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 acceptance of the 2024-25 Local Transport Plan grant from the Department for Transport (DfT) to the Highways Capital Programme providing forward visibility to members and communities and enabling early delivery of the programme.

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

3.3 That Cabinet gives permission to officers to procure all necessary goods/services required to deliver projects in the programme, in accordance with the Council's procurement protocols.

4. Information and Analysis

4.1 The Council receives an annual funding grant from the Department for Transport (DfT), which is allocated for expenditure on highways and transport 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 generally consists of two main funding blocks:

- Highway maintenance block – repair of roads, structures and infrastructure.
- Integrated transport block – transport capital improvement schemes.

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 highway maintenance and integrated transport block grants from the DfT have been fixed at £27.3m per annum for the years 2022-23, 2023-24 and 2024-25.

4.3 It is stipulated by the DfT that Derbyshire's annual grant of £27.3m must be allocated as follows:

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

4.4 At the Cabinet Meeting on 11 March 2021, the Council set itself a target of £120m during the next three financial years to bring the Programme up to date including a backlog of approved schemes that had not been previously delivered (Minute No. 47/21 refers).

4.5 Utilising a mixed-economy model of in-house resources supported by external suppliers, the Highways Service is on target to deliver the £120m commitment by the end of the 2023-24 financial year.

4.6 Whilst the size of the Government funding has been fixed for the last three years, plant, labour and material costs have increased considerably over that period by approximately 26%. Whilst this was initially caused by a boom in construction activity post-Covid, the war in Ukraine has significantly contributed to materials cost inflation. This has

impacted on the costs of delivering schemes, both in-house and through the Council's wider supply chain resulting in increased scheme costs and reduced programmes.

4.7 Significant progress has been made in clearing the backlog of schemes in the past three years and the Council is confident that the 2024-25 Programme will deliver the new projects identified for approval.

4.8 New projects in the 2024-25 Programme have been selected and prioritised using the Council's prioritisation matrix.

4.9 Maintenance schemes are scored against:

- Strategic Case - Meeting the Council's asset management needs and Council priorities for 2024-25
- 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.

4.10 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.

4.11 More frequent severe weather events are severely impacting the network. Prolonged periods of very hot or cold weather with low rainfall, followed by much wetter conditions, are destabilising a number of roads across the County and landslips have taken place at locations which have previously been stable for many years, requiring urgent attention. Whilst it is recognised that these events are likely to become even more frequent, they are not able to be planned for. Each event is required to be fully investigated and appropriate remedial actions determined before they can be implemented within existing funding constraints.

- 4.12 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 has been allocated for teams across the Highways Service to undertake unplanned high priority works and investigations in response to these unexpected events.
- 4.13 The 2024-25 Highway Capital Programme is composed of highway maintenance and integrated transport schemes with the highest total prioritisation scores. The list of 2024-25 projects is given in Appendix 3. In accordance with the Council's Asset Management Strategy, the proposed programme for delivery in 2024-25 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.
- 4.14 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.
- 4.15 Given uncertainties around project inflation costs and unplanned severe weather events, a proportion of the annual grant award has been allocated as a contingency sum. Use of the contingency will be governed by the Highways Capital Programme Board, chaired by the Director for Highways.
- 4.16 The proposed allocation of 2024-25 LTP funding is in Table 1 below.

Block		2024-25 Value
Highway Maintenance Programme	% of Block	m
Carriageways	53.8%	£12.736
Footways	11.9%	£2.822
Drainage and flood management	3.5%	£0.840

Bridges, structures, retaining walls and highway boundary structures	7.6%	£1.806
Landslip investigation and remediation	2.8%	£0.665
Signs, lines, and signals	3.3%	£0.780
Street lighting	1.7%	£0.400
Rights of way	2.8%	£0.660
Cycle routes	0.1%	£0.300
Greenways	1.1%	£0.260
Contingency	11.3%	£2.683
Total Highway Maintenance Programme		£23.682
Integrated Transport Programme		
Traffic Management	29.2%	£1.070
Key Cycle Network investment	14.2%	£0.520
Local cycling and walking investment	0.8%	£0.300
Sustainable transport	34.4%	£1.270
Road safety	8.0%	£0.300
Air Quality	1.7%	£0.060
Contingency	11.8%	£0.430
Total Integrated Transport Programme		£3.670
Total 2024-25 Programme		£27.345

Table 1: 2024-2025 LTP Funding Allocations

- 4.17 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 support from external design and construction providers and suppliers. These will be commissioned through the Council's new professional services partner contract and previously approved local and national frameworks in order to deliver best value to the Council and to its residents.
- 4.18 Schemes identified to be managed 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.

- 4.19 The estimated proportion of each programme block that will be delivered through each delivery/procurement route is shown in Table 2. In-house service refers to projects that are entirely delivered in-house; In-house plus external supplier refers to projects which are managed in-house but with specialist services provided by external supply chain partners or suppliers; External Provider are those that are largely delivered by external supply chain partners. The approximate split of works is given in Table 2 below:

Block	% of Block Total	In-house service	In house plus external supplier	External provider
Highway Maintenance Programme				
Carriageways	53.8%	30%	30%	40%
Footways	11.9%	30%	70%	0%
Drainage and flood management	3.5%	20%	80%	0%
Bridges, structures, retaining walls and highway boundary structures	7.6%	20%	60%	20%
Landslip investigations and remediation	2.8%	20%	0%	80%
Signs, lines and signals	3.3%	30%	0%	70%
Street lighting	1.7%	30%	0%	70%
Rights of way	2.8%	30%	70%	0%
Cycle routes	0.1%	100%	0%	0%
Greenways	1.1%	100%	0%	0%
Total Highway Maintenance Programme (excl. contingency)	100%	30%	37%	33%
Integrated Transport Programme				
Traffic Management	29.2%	100%	0%	0%

Key Cycle Network investment	14.2%	60%	40%	0%
Local cycling and walking investment	0.8%	60%	40%	0%
Sustainable transport	34.4%	60%	40%	0%
Road safety	8.0%	50%	0%	50%
Air Quality	1.7%	100%	0%	0%
Total Integrated Transport Programme (excl. contingency)	100%	68%	24%	8%

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

4.20 The value of the 2024-25 LTP funding allocations is shown in Table 3:

Block	Total 2024-25 Funding	In-house service	In house plus external supplier	External provider
	m	m	m	m
Highway Maintenance Programme				
Carriageways	£12.736	£3.821	£3.821	£5.094
Footways	£2.822	£0.846	£1.975	£0
Drainage and flood management	£0.840	£0.168	£0.672	£0
Bridges, structures, retaining walls and highway boundary structures	£1.806	£0.361	£1.084	£0.361
Landslip investigations and remediation	£0.665	£0.133	£0	£0.532
Signs, lines and signals	£0.780	£0.233	£0	£0.545

Street lighting	£0.400	£0.120	£0	£0.280
Rights of way	£0.660	£0.198	£0.462	£0
Cycle routes	£0.300	£0.300	£0	£0
Greenways	£0.260	£0.262	£0	£0
Total Highway Maintenance Programme (excl. contingency)	£20.993	£6.173	£8.014	£6.813
Integrated Transport Programme				
Traffic Management	£1.070	£1.071	£0	£0
Key Cycle Network investment	£0.520	£0.312	£208,000	£0
Local cycling and walking investment	£0.300	£0.018	£0.012	£0
Sustainable transport	£1.270	£0.757	£0.505	£0
Road safety	£0.300	£0.148	£0	£0.148
Air Quality	£0.060	£0.061	£0	£0
Total Integrated Transport Programme (excl. contingency)	£3.240	£2.367	£0.725	£0.148
Total 2024-2025 Programme (excl. contingency)	£24.240			

Table 3: 2024-2025 Delivery Phasing

- 4.21 In order to maximise the potential to deliver the projects at pace in 2024-25, the design of projects will commence immediately following approval of the programme. This will facilitate an early start to project construction in the 2024-25 financial year. The funding to undertake this early design was specifically designated within the 2023-24 programme. Future design of 2025-26 projects has been identified within this programme.

4.22 Where it is clear that a change is needed to be made to the 2024-25 Programme, it is recommended that Cabinet delegates this decision to the Director of Highways.

5. Consultation

5.1 Members were consulted in January 2023 for schemes to be considered in the allocation for 2024-25 projects. A total of 224 requests were received from 27 members. New projects included in the 2024-25 Programme were prioritised in accordance with the evaluation criteria prioritisation matrix and scoring definitions. Feedback on requests will be provided to Members upon approval of this programme.

6. Alternative Options Considered

6.1 Delaying the 2024-25 allocation of projects until the 2023-24 Programme has been delivered and final costs have been determined. This is not recommended as it would delay the delivery of schemes that are essential for the safe operation of our highway network.

7. Implications

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

8. Background Papers

8.1 Report to Cabinet, Future Highways Model and Highways Programme 2021-22, dated 11 March 2021 (Minute No.47/21 refers).

8.2 DfT Confirmation of Funding Award
<https://www.gov.uk/government/publications/highways-maintenance-funding-allocations>

9. Appendices

9.1 Appendix 1 – Implications.

9.2 Appendix 2 - Scheme Assessment Scoring Definitions.

9.3 Appendix 3 – 2024-25 Highways Capital Delivery Programme.

10. Recommendations

That Cabinet:

- a) Approves the acceptance of the 2024-25 Local Transport Plan grant from the Department for Transport (DfT) to the Highways Capital Programme providing forward visibility to members and communities and enabling early delivery of the programme.
- b) Authorises delegation to the Director for Highways, 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 highways maintenance and integrated transport block allocations are received annually in the form of direct grants from central Government. The 2024-25 funding allocation from the Department for Transport (DfT) is £27.3m. In 2023-24, additional Pothole funding of £4.2m has been allocated from Government. Any further allocations of additional Pothole or other highways grant funding in 2024-25 will be subject to separate approvals.
- 1.2 Project and programme management resources are utilised by Highways to plan and deliver the capital programme, and these staffing costs are funded from revenue resources. Delivery of the 2024-25 capital programme will require staffing costs to be funded from the 2024-25 revenue budget, which will be formally approved by Full Council in February 2024.
- 1.3 The Highways revenue budget in 2023-24 is currently forecast to overspend in part, due to additional staffing resources that have been brought in to deliver the accelerated capital programme. Continuation of these additional staffing resources in 2024-25 will present ongoing pressures on the revenue budget and action needs to be taken to reduce costs and/or resource levels, or to identify alternative funding sources, to enable spend to be contained within the available revenue budget envelope. It is also important that highways programmes are delivered within capital budgets as set out in the approved capital programme.

Legal

- 2.1 The Traffic Management Act 2004 requires the Council to publish advance notice of highway schemes or apply for permits to work. The Local Transport Act 2008 requires the 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 Not applicable.

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 Capital Programme Board.