

Highways and Transport Committee

Date of Meeting:	16 November 2021
Report Title:	Highways and Transport 2022-23 programme preparation
Report of:	Andrew Ross – Director of Infrastructure and Highways
Report Reference No:	HT/11/21-22
Ward(s) Affected:	All Cheshire East Wards

1. Executive Summary

- 1.1.** This report explains the allocation of highway revenue and capital funding to deliver day to day activities and programmes on the public highway to achieve the Council's Corporate Plan and the Local Transport Plan objectives and priorities.
- 1.2.** The amount of revenue and capital budgets that will be available next year are not yet known, but details of this year's approved budget allocations are included to demonstrate the principles that have been applied and activities that are funded in the current financial year.
- 1.3.** The report outlines the challenging funding position in terms of both capital expenditure (being dependent on Department of Transport grants) and revenue expenditure (due to the Council's position in respect of its Medium Term Financial Strategy (MTFS))
- 1.4.** The committee is invited to consider the activities and programmes that are funded from the highways budget so that members views can be considered when setting the detailed budget and business plan for next year.
- 1.5.** A report recommending the budget allocations to programmes for financial year 2022/23 will be brought to this committee in March 2022.

2. Recommendations

The Committee is recommended to:

- 2.1.** Note the demands made on the Council's revenue budgets from the important highway services outlined in the report.
- 2.2.** Note the impact of the level of Department for Transport grant funding on the council's ability to carry out highway maintenance to a desirable level.

3. Reasons for Recommendations

- 3.1.** To inform the committee of the key objectives of the highway and transport services and how they contribute to the Council's overall objectives and priorities.
- 3.2.** To Inform the committee of the current apportionment of revenue and capital funding to the key elements of highway and transport services to achieve those objectives and to allow members to comment prior to a further report being prepared recommending final allocations of budgets to those programmes.

4. Other Options Considered

- 4.1.** Not applicable.

5. Background

5.1. Policy Context - National

5.1.1. The Council is a 'local highway and transport authority' and in this context it has a number of statutory duties to perform that have an impact on the maintenance of the public highway and the provision of transport in the borough. These include:

- Highways Act 1980 – duty to maintain highway maintainable at public expense
- Traffic Management 2004
- New Roads and Streetworks Act 1991
- Well Managed Highway Infrastructure Code of Practice

5.1.2. Highways are the Council's most valuable asset, and the Council receives capital grants from central government to invest in structural maintenance of that asset. The value of this grant has diminished significantly in real terms in recent years and was reduced by 23% last year in Cheshire East, resulting in a deteriorating highway condition. This is a common position across highway authorities nationally.

5.1.3. The national picture was highlighted by the Local Government Association's transport spokesperson in response to the overall reduction in capital funding allocated to councils for local road

maintenance in 2021/22 by the Department for Transport of £400 million (22 per cent). This said that “Councils are working hard to keep our roads safe and resilient, repairing potholes as quickly as they can. However, it would already take £10 billion and more than a decade to clear the current local roads repair backlog”

- 5.1.4.** It is important that in using the limited resources available that the duties contained in the Highways Act and Traffic Management Act, particularly in maintaining a safe network, are given priority.
- 5.1.5.** Some of the Council’s funding is obtained because of the incentive element of central government capital funding. This is awarded to local highway authorities who can demonstrate good practice in how they invest in the highway asset and provides high value for money in terms of asset life. The Council is in the highest category on this measure and receives the maximum incentive funding.
- 5.1.6.** In 2021/22 and 2022/23 the council has also contributed £3m of its own funds for structural maintenance of the network to help contribute to its priority for a safe and well-maintained network.

5.2. Policy Context - Local

- 5.2.1.** The Council’s Highways and Transport programmes are developed to ensure that the Council’s duties as a local authority are delivered and to contribute to the Corporate Plan outcomes and Local Transport Plan (LTP) objectives.
- 5.2.2.** The Corporate Plan has a priority of providing a transport network that is safe and promotes active travel.
- 5.2.3.** The Council has a suite of highway policies that help to inform delivery of the highway service and prioritise how revenue and capital money is spent. A programme of reviews of these policies will come to this committee for consideration over forthcoming meetings.
- 5.2.4.** The Council’s Local Transport Plan 2019 – 2024 is used to demonstrate how government funding will be used to maintain the public highway network and meet local transport needs.
- 5.2.5.** The Council’s financial position as outlined in its Medium Term Financial Strategy (MTFS) means that the annual funding of important service budgets such as highways is challenging.

5.3. Revenue and Capital Budgets

- 5.3.1.** Revenue funding is allocated from the Council’s general fund as part of its budget setting process. Details of how these were allocated this year is shown in 5.4 below.
- 5.3.2.** Capital budgets are determined by the size of grant from central government in the form of two annual block grants: The Structural Maintenance Block (SMB) and the Integrated Transport Block (ITB). The government can also provide Pothole Funding but not

necessarily on an annual basis. Details of how these were allocated this year is shown in 5.5 below.

- 5.3.3.** An additional £3.0m capital from Council funds was provided in the Medium Term Financial Strategy for each of 2021/22 and 2022/23 for highway structural maintenance.
- 5.3.4.** At this stage in the year the revenue budgets and capital grants available to the highway service for the next financial year are not known. Determination of these budgets' forms part of the Council's corporate budget setting process with formal announcement of the budget provided in February.
- 5.3.5.** To enable the detailed work of planning the investment in highway and transport for next year to proceed, members are invited to consider the allocations for this year so that views can be taken into account, before bringing a final recommendation in March 2022.

5.4. Revenue Service Provision

5.4.1. This table summarises the allocations of revenue budget to highway programmes in 2021/22 and reflect current priorities and those areas that have been impacted as a result. The actual level of budget available are to give context only as the 2022/23 overall available budget is not yet known.

5.4.2. The red and amber coloured activities are to indicate where particular consideration will be needed regarding the level of funding required to meet current challenges. Any increase in funding to these areas of challenge would need to be met either by a growth in overall highway budget, or from a reduction other revenue areas.

Highway Asset	Description	Council Revenue Budget Allocation 2021-22	
		(£)	(%)
Coordinating Roadworks and other Activities on the highway	Managing Council, utility and developer works on the highway.	£587,030	6%
Handling enquiries from the public	Answering enquiries from the public, councillors, and MPs / Providing information on highway activities	£179,969	2%
Inspection of the highway	Highway inspections / updating digital records / boundary enquiries	£465,480	5%
Bridges and Structures	Inspection / routine small maintenance works	£249,866	3%
Drainage system cleaning and repairs	Gully emptying and drainage system cleansing	£972,051	10%
Pothole Repairs	Repair of carriageway potholes	£1,296,192	14%
Other Road Repairs (including road edge failures, damaged paving etc)	Footway repairs and other none carriageway repairs	£568,167	6%

Highway Asset	Description	Council Revenue Budget Allocation 2021-22	
		(£)	(%)
Responding to Emergencies	Responding to urgent defects and emergency issues on the network	£508,262	5%
Road Markings Renewals	Replacement of worn and damaged road markings	£12,707	0%
Hedge and Trees	Responding to urgent tree works / hedge cutting	£341,965	4%
Grass Cutting and Weed treatment	Cutting of grass verges and weed treatment	£817,716	9%
Fencing & Wall Repairs	Repair of drystone walls and fences	£12,707	0%
Road Signs Cleaning and Repairs	Cleansing, straightening and repair of road signs	£12,707	0%
Winter Service (including gritting and snow clearance)	Gritting of roads and provision of grit bins	£2,026,694	21%
Street Lighting	Repair of streetlight and cable faults / structural and electrical testing	£559,757	6%
Traffic Signals	Repair of traffic signals and electronic signs	£312,156	3%
Traffic and Road Safety (including education to schools)	Design of road safety schemes/provision of road safety education to schools	£241,674	3%
Managing Flood Risk	Addressing statutory duties as the Lead Local Flood Authority including planning applications and flooding issues.	£271,216	3%
Overall Revenue Allocation		£9,436,312	100%

NOTE: Red highlighted boxes indicate service areas where there is a high probability that funding additional to that provided in 21/22 will be required. This will reduce the funding available in other areas.

NOTE: Yellow highlighted boxes indicate service areas where there is a moderate probability that funding additional to that provided in 21/22 will be required. This will reduce the funding available in other areas.

5.5. Capital programme

5.5.1. Annual Block Grants

5.5.1.1. The table below summarises the allocations of capital budget to highway and transport programmes in 2021/22. The actual level of budget available are to give context only as the 2022/23 overall available budget is not yet known.

5.5.1.2. As described in 5.3.1 capital funding comes from two central government block grants; the Structural Maintenance Block (SMB) intended for capital maintenance of highways and structures and the Integrated Transport Block (ITB) for other capital transport programmes. The table indicates which block grant is used for funds each programme:

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Block Grants Funding Allocations 2020-21	
			(£)	(%) of Total Block Grants Funding
Infrastructure & Transport Policy and Scheme Development	<ul style="list-style-type: none"> • Town Studies • Transport Strategies <ul style="list-style-type: none"> - Crewe Transport Access Study - Macclesfield Transport Access Study • Infrastructure scheme feasibility and development work • Levelling Up fund bid - match funding 	Application of criteria to best deliver Council policy	525,000	6%

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Combined ITB and SMB Grants Funding Allocations 2020-21 (£)	
			(£)	(%) of Total Block Grants Funding
Local Highway Measures	<ul style="list-style-type: none"> • Ward Member highway improvement budget 	Member determined based on ward priorities	350,000	4%
	<ul style="list-style-type: none"> • Minor Works Programme <ul style="list-style-type: none"> - Traffic management measures - Traffic Regulations Orders - Pedestrian access improvements - Vehicles passing bays etc 	Officer determined based on assessment and prioritisation to deliver policy objectives	347,000	4%
Sustainable Transport Enhancement Programme (STEP)	<ul style="list-style-type: none"> • Active travel investment • Public transport investment • Sustainable Modes of Transport to Schools (SMOTs) • Public Rights of Way and Countryside Access Improvements • Boulderstones Bridge Match funding contribution 	Schemes are prioritised against the objectives of the Local Transport Plan, Sustainable Modes of Transport to Schools (SMOTS) objectives etc to deliver on policy	895,000	10%

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Combined ITB and SMB Grants Funding Allocations 2020-21	
			(£)	(%) of Total Block Grants Funding
Road Safety Investment	<ul style="list-style-type: none"> • Local Safety Schemes – cluster analysis to target killed/seriously injured traffic collision sites • Minor Safety Schemes - proactive programme to developing issues raised by Police • Vulnerable road user Schemes – cluster analysis focusing on sites VRU injury collision sites • Road safety camera site related works 	Application of analysis of police Stats19 road traffic injury collision data to determine work programme that helps reduce number of killed and seriously injured on the roads in the borough.	320,000	3%
Programme Management	<ul style="list-style-type: none"> • Highway Client team programme management 	Amount of work delivered by the highway client team that is chargeable to capital in accordance with local government financial rules.	200,000	2%

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Combined ITB and SMB Grants Funding Allocations 2020-21	
			(£)	(%) of Total Block Grants Funding
Highway Asset Investment	<ul style="list-style-type: none"> • Carriageway Repairs • Footway Repairs • Drainage Improvements • Bridges & Structures • Street Lighting • Traffic Signals • Road markings • Road Signs • Safety Barriers 	Evidence led asset management approach using established scoring matrices to prioritise works.	6,615,000	71%
		Overall LTP ITB and SMB Allocation	9,252,000	100%

5.5.2 Pothole Fund

- 5.5.2.1 The table below summarises the funding provided by central government to help the council address road condition in 2021/22 and how the highway service is using it to repair roads in the Borough.
- 5.5.2.2 The actual level of government funding available this year is to give context only as the situation for 2022/23 is not yet known. Unlike the ITB and SMB grants the government's funding for potholes is not an annual grant although the experience in recent years is that the DfT have made a Pothole Fund available each year. The size of the fund varies significantly with Cheshire East allocations ranging from £0.500M to the high in 2020/21 of £5.799M.

DfT Pothole Fund	Programme	How is the Programme Determined?	DfT Pothole Fund Allocation 2021-22	
			(£)	(%)
Highway Asset Investment	• Road repairs	Evidence led asset management approach using established scoring matrices to prioritise works.	5,799,000	100%
Overall Allocation			5,799,000	100%

5.5.2 The draft capital programme for the £3.0m Council investment funded activities below summarises the percentage allocations:

Council Capital Investment - Budget Allocation	Programmes	How are the Projects and Programmes Determined?	Council Capital Investment Allocation 2021-22	
			(£)	(%)
Highway Asset Investment	• Drainage Improvements • Bridges & Structures • Street Lighting	Evidence led asset management approach using established scoring matrices to prioritise works.	1,200,000	40%
			1,400,000	47%
			400,000	13%
Overall Council Allocation			3,000,000	100%

5.5.3 Notes on funding Tables:

- Sufficient capital funding for the highway network from all sources is essential to provide a safe and well maintained highway network through long term planned investment. The level of capital funding is not sufficient to maintain steady state and we remain in a situation of managed decline. This has an adverse impact on the revenue funded service as this results in higher number of defects requiring a greater proportion of the available revenue budget to deliver reactive repairs to keep the highway safe, but which score lower in terms of value for money.
- Between 2015-2021 the Government provided a six year funding commitment for the Local transport Plan block grants which resulted in the annual grants received remaining unchanged throughout. When construction inflation was applied this resulted in a £1.6million cut in funding in real terms. Inflationary pressures on budgets remains a significant challenge post Covid with supply issues and staff shortages driving up material prices and employment costs.
- The highway service has submitted high level business cases for growth in both revenue and capital budgets for 2022-23 to address the challenges identified above, including to cover exceptional construction inflation that is currently being experienced which are aimed at providing sufficient investment to meet the Council's corporate objective of safer and well maintained roads.

5.6. Next Steps in Business Planning

- 5.6.1. The process of highway service business planning for the next financial year began in October
- 5.6.2. The funding allocations will be shared with the Committee in March along with the detailed programmes to note in readiness for publication and deliver from April 2022.

5.7. Legal

- 5.7.1. The purpose of the report is to provide an overview of the intended expenditure under various budget lines and to obtain members feedback or suggestions on the allocations in each budget line, that have been used as part of the indicative expenditure for the forth coming financial year. A further report will be considered in March before the contents are reviewed as part of the annual spending review carried out by full Council.
- 5.7.2. Any financial expenditures should be in compliance with the Budget and Policy Framework, and the Finance Procedure rules as set out in the Constitution Chapter 3 part 3 and part 4.

5.8. Finance

- 5.8.1.** No direct financial implications arise from this report. It is intended to demonstrate the principles and context of budgeting for highway programmes and allow consideration to be given to any changes to allocations between different work streams (within the eventual available budget) that may be desirable when the total highways budgets for next year are known.

5.9. Policy

- 5.9.1.** National and local policy context is covered in section 5.

5.10. Equality

- 5.10.1.** An Equality Impact Assessment is undertaken for the delivery of schemes as part of the process to design and deliver them in line with the Council's current policy and practise and takes account of the needs of all residents and users of the public highway.

5.11. Human Resources

- 5.11.1.** There are no Human Resource implications

5.12. Risk Management

- 5.12.1.** The revenue and capital programmes are always subject to change because of unknown events such as extreme weather and flooding that must be responded and recovered from in year. For example, the 2019 floods resulted in £2.5m of funding being reallocated and many programmes were impacted as a result. Such budget adjustments need to be made immediately and would not form part of any Committee decision process; however, the work and programme consequences would be reported at the next available meeting.
- 5.12.2.** The highway network is the council's largest asset. As such it represents a very large financial and reputational risk if it is not maintained and operated in line with engineering best practice.
- 5.12.3.** The provision of day to day highway service and delivery of highway and transport projects has inherent risks, and these will vary for each scheme. The project team for the schemes deliver it in full compliance with the Construction Design Management (CDM) 2015 Regulations. These seek to address and minimise risk from the early stage of design through to completion of construction on site and subsequent whole life maintenance requirements.
- 5.12.4.** The provision of the highway service and delivery of highway and transport schemes requires good project management which includes the development of a Contract wide and scheme specific risk registers. These are monitored and updated as risks are identified and mitigated to minimise their impact on the safe and efficient delivery of services and schemes. All risks have assigned owners who are responsible for mitigating and managing them.

5.13. Rural Communities

- 5.13.1. The Draft Programme is designed to provide a consistent level of routine and reactive highway service boroughwide and prioritises capital investment in highway maintenance and transport in line with the asset management strategy and Local Transport for the benefit of all residents.

5.14. Children and Young People/Cared for Children

- 5.14.1. There are no direct implications for children and young people.

5.15. Public Health

- 5.15.1. Providing a safe highway network that promotes active travel is a key aim of the Council. Road safety activities that reduce traffic speed and volume can prevent injuries as well as a wider impact on health by encouraging active travel.
- 5.15.2. Investment in the highway asset to maintain condition, improve access and invest in active travel and public transport helps encourage healthier lifestyles and support modal shift to more sustainable modes of transport.
- 5.15.3. There is a strong evidence base to support improved wellbeing, and physical health through increased physical activity via improved access to green open spaces. The annual work programme helps deliver the council's Local Transport Plan strategy objectives which support the maintenance and improvement of the Public Rights of Way network and facilitate Countryside Access Improvements where appropriate.
- 5.15.4. Targeted developments in areas with higher levels of deprivation also aim to reduce health inequalities. For example, improved transport networks, and sustainable travel impacts on ability to access employment, education, training, increased social connectivity and reducing social isolation, supporting the wider determinants of health.
- 5.15.5. The annual highway capital programme includes funding for works that can help to improve air quality and therefore associated respiratory health improvements.
- 5.15.6. All of the services and works described within this report are delivered through the council's Highway Service Contract with integrated service provider Ringway Jacobs. This contract includes a number of Social Value outcomes which impact on the wider determinants of health and aim to reduce health inequalities.

5.16. Climate Change

- 5.16.1. Road safety enhancements help reduce the number of road traffic collisions and minimise disruption and congestion on the highway associated with such events. Road safety improvements can also encourage drivers to travel at lower and more appropriate speeds for

the roads and conditions which can contribute to a reduction in vehicle emissions.

Access to Information	
Contact Officer:	Paul Davies, Contract Operations Manager paul.davies@cheshireeast.gov.uk 07748 650204
Appendices:	None
Background Papers:	N/A