

Working for a brighter futures together

# **Highways and Transport Committee**

Date of Meeting:	2 March 2022
Report Title:	Highways and Transport 2022-23 Programmes
Report of:	John David – Interim Director of Infrastructure and Highways
Report Reference No:	HT/22/21-22
Ward(s) Affected:	All Cheshire East Wards

# Note : Yellow highlighting indicates where updating will be needed once budgets and settlements are known.

#### 1. Purpose of Report

**1.1.** This report informs committee members of the capital and revenue budgets available for the highway service for 2022/23 and the allocation of those budgets to the various programmes of work. The programmes of work contribute to the Council's aim to be a thriving and sustainable place and in particular to the priority of having a transport network that is safe and promotes active travel.

#### 2. Executive Summary

- 2.1. This report explains the allocation of highway revenue and capital funding to deliver day to day maintenance activities and improvement programmes on the public highway to ensuring that the Council can fulfil it's statutory responsibilities as a Highway and Transport authority as well as contributing to the Council's Corporate Plan and Local Transport Plan objectives and priorities.
- **2.2.** 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)

- **2.3.** This report follows on from a previous report presented to the Highways and Transport committee on 16 November 2021. This demonstrated to members how budget allocations and programmes had been set for 2021-22 and invited the committee to comment. The feedback has been considered by the highways team as part of the business planning process and preparation of the detailed budget allocations and programme for 2022-23 presented in this report.
- **2.4.** Due to the responsive nature of the service to many variable outside factors, the budgets presented do not operate as fixed budgets, but are the basis on which the contractor's business plan has been set for the start of the financial year in April 2022. Future committee reports through the year will report on progress on the delivery of the programmes, including any emerging pressures due to network demands which might call for amendments of some programmes.
- **2.5.** Any comments members may have on these budget allocations are welcomed, and will be taken into account both during the year and in preparation for future years' budgets, whilst working within the overall available revenue budget envelope and whilst ensuring all statutory responsibilities as Highway Authority are being fulfilled.

#### 3. Recommendations

**3.1.** The Committee is recommended to note the apportionment of revenue and capital funding to the key elements of highway services shown in Tables 2 to 4 below and comment on the apportionment to the service programmes.

## 4. Reasons for Recommendations

**4.1.** The budgets for the capital and revenue programmes represent the optimal apportionment between programmes to best achieve the Council's priorities, whilst fulfilling the Council's responsibilities as the Highway Authority as far as reasonably practicable within available budgets.

## 5. Other Options Considered

**5.1.** In developing the final allocation of available budgets various funding allocation variations are considered across the highway assets as part of the business planning process, taking account of asset condition, risk and investment need,

## 6. Background

6.1. Policy Context - National

- 6.1.1 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
- 6.1.2 Highways are the Council's most valuable asset (current value £6.6bn), 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 21% in 2021/22 from the previous year. in Cheshire East, resulting in a deteriorating highway condition. This is a common position across highway authorities nationally.
- 6.1.3 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"
- 6.1.4 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.
- 6.1.5 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 (Band 3) on this measure and receives the maximum incentive funding.

## 6.2. Policy Context - Local

- 6.2.1 The Council's Highways and Transport programmes are developed to ensure that the Council's duties as a local highway authority are delivered and to contribute to the Corporate Plan outcomes and Local Transport Plan (LTP) objectives.
- 6.2.2 The Corporate Plan has a priority of providing a transport network that is safe and promotes active travel.

- 6.2.3 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.
- 6.2.4 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. DfT has indicated that updated national guidance on Local Transport Plans and associated funding will be published later this year; emphasising their role in contributing to the Government's decarbonisation strategy.
- 6.2.5 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 very challenging.
- 6.2.6 A comparison of the highway service revenue budget from 2015-16 (£11.214m) to 2021-22 (£10.425m) shows a reduction in funding of £789k while inflation rose by 14%. If that inflation index had been applied to the 2015/16 figure, then the 2021/22 figure would be £12.784m, so the real terms cut since then is (£12.784-£10.425) = £2.359m, a cut of approximately 18%.

## 6.3. Available Revenue Budget for 2022/23

- 6.3.1. Revenue funding is allocated from the Council's general fund as part of its budget setting process.
- 6.3.2. Following the budget consultation process which considered proposals for the various service areas, there is a revenue budget available for highway services via the highways maintenance of £11.236m for 2022/23.
- 6.3.3. A paper entitled Highways and Transport 2022-23 Programme Preparation was presented to the Highways and Transport committee on 16 November 2021. This demonstrated to members how budget allocations and programmes had been set for 2021-22 and invited the committee to comment. These have been considered by the highways team as part of the business planning process and preparation of the budget allocations and programme for 2022-23.

# 6.4. Available Capital Budget for 2022/23

- 6.4.1. 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.
- 6.4.2. In 2021/22 the council contributed an extra £6m capital over two years capital (£3m per annum), from its own funds for additional

structural maintenance of the network to help contribute to its priority for a safe and well-maintained network. In 2022/23 the council has approved a further £4m budget from its own funds for the programme to managing and maintaining highways.

6.4.3. The total capital funding available for 2022/23 is therefore shown in the table below:

	SHOWING FUNDING SOURCES when known
IADLE	SHOWING FUNDING SOURCES WIELT KINWIT

<b>Funding</b> (* Indicative pending announcements from funding bodies at time of publishing Committee paper)	Government - Department for Transport	Council Investment	Total Budget
	(£000)	(£000)	(£000)
Local Transport Plan - Integrated Transport Block grant	2,003		2,003
Local Transport Plan - Strategic Maintenance Block grant	5,799		5,799
Local Transport Plan - Incentive Fund	1,450		1,450
Pothole Fund	5,799		5,799
Traffic Signal Maintenance Fund	500		500
Highway Pothole/Challenge Fund (MTFS)		3,242	3,242
Managing and Maintaining Highways Investment		4,000	4,000
Traffic Signs and Bollards - LED Replacement		625	625
2022/23 Budget Totals (£000)	15,551	7,867	23,418

Table 1 – Capital Funding sources for Highway in 2022/23

#### 6.5. Revenue Service Provision

6.5.1 This table summarises the allocations of revenue budget for highway programmes in 2022/23 and reflects current priorities. These numbers may be subject to some slight amendments subject to final completion of the business planning process.

Highway Asset	Description	Council Revenue Budget Allocation (£000)	
		2021-22	2022-23
Coordinating Roadworks and other Activities on the highway	Managing Council, utility and developer works on the highway.	£587	£568
Handling enquiries from the public	Answering enquiries from the public, councillors and MPs / Providing information on highway activities	£180	£183
Inspection of the highway	Highway inspections / updating digital records / boundary enquiries	£465	£513
Bridges and Structures	Inspection / routine small maintenance works	£250	£262
Drainage system cleaning and repairs Gully emptying and drainage system cleansing		£972	£1,124
Pothole Repairs	Repair of carriageway potholes	£1,296	£2,234
Other Road Repairs (including road edge failures, damaged paving etc) Footway repairs and other non-carriageway repairs		£568	£602
Responding to Emergencies Responding to urgent defects and emergency issues on the network		£508	£699
Road Markings Renewals	Replacement of warn and damaged road markings (to be included in capital programme in 2022/23)	£12	£0
Hedge and Trees Responding to urgent tree works / hedge cutting		£342	£689
Grass Cutting and Weed treatment	Cutting of grass verges and weed treatment		£813
Fencing & Wall Repairs	& Wall Repairs       Repair of drystone walls and fences (to be included in capital programme in 2022/23)		£0

Highway Asset	Description	Council Revenue Budget Allocation (£000)	
		2021-22	2022-23
Road Signs Cleaning and Repairs	Cleansing, straightening and repair of road signs (to be included in capital programme in 2022/23)	£13	£0
Winter Service (including gritting and snow clearance)			£2,026
Street Lighting	Repair of street light and cable faults / structural and electrical testing		£580
Traffic Signals	Repair of traffic signals and electronic signs£312		£319
Traffic and Road Safety (including education to schools)			£312
Managing Flood Risk	Addressing statutory duties as the Lead Local Flood Authority including planning applications and flooding issues.	£271	£312
	Overall Revenue Allocation (£000)	£9,436	£11,236

Table 2 Allocation of Revenue Budget across Routine/Reactive Core Highway Service programmes

The increase from the 2021/2022 budget figure of £9.436m to £11.236m in 2022/23 in the table above is because of the forecast estimated increase in income from fees and charges to third parties in relation to their use of the highway network. Also, the repayment of the Salix loan which was used to convert all street lights to LED is now complete, so the annual revenue used to make that repayment (approx. £1.2m) has been returned to the highways base budget.

## 6.6. Capital programme

#### 6.6.1 Annual Block Grants

- 6.6.1.1. The table below summarises the allocations of capital budget to highway and transport programmes in 2022/23. As with the revenue allocation and programmes, member views have been considered in preparing the allocation across programmes.
- 6.6.1.2. As described in 6.4.1 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 the allocation of the grant for each programme:
- 6.6.1.3. As in previous years, members will receive the detailed work programmes (ie locations) across the borough as soon as they are available.

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?		ants Funding ns (£000)
			2021-22	<mark>2022-23</mark>
Infrastructure & Transport Policy and Scheme Development	<ul> <li>Town Studies</li> <li>Transport Strategies <ul> <li>Crewe Transport Access Study</li> <li>Macclesfield Transport Access Study</li> </ul> </li> <li>Infrastructure scheme feasibility and development work <ul> <li>Levelling Up fund bid - match funding</li> </ul> </li> </ul>	Application of criteria to best deliver Council policy	525	<mark>525</mark>

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Block Grants Funding Allocations (£000)	
			2021-22	<mark>2022-23</mark>
Local Highway Measures	Ward Member highway improvement budget	Member determined based on ward priorities	350	<mark>350</mark>
	Minor Works Programme     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	<mark>290</mark>
Sustainable Transport Enhancement Programme (STEP)	<ul> <li>Active travel investment</li> <li>Public transport investment</li> <li>Sustainable Modes of Transport to Schools (SMOTs)</li> <li>Public Rights of Way and Countryside Access Improvements</li> <li>Boulderstones Bridge Match funding contribution</li> </ul>	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	<mark>752</mark>

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?		rants Funding ns (£000)
			2021-22	<mark>2022-23</mark>
Road Safety Investment	<ul> <li>Local Safety Schemes – cluster analysis to target killed/seriously injured traffic collision sites</li> <li>Minor Safety Schemes - proactive programme to developing issues raised by Police</li> <li>Vulnerable road user Schemes – cluster analysis focusing on sites VRU injury collision sites</li> <li>Road safety camera site related works</li> </ul>	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	<mark>245</mark>
Programme Management	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	200

Integrated Transport and Highways Maintenance - Core Budget Allocations	Projects and Programmes	How are the Projects and Programmes Determined?	LTP Block Grants Funding Allocations (£000)	
			2021-22	<mark>2022-23</mark>
Highway Asset Investment	<ul> <li>Carriageway Repairs</li> <li>Footway Repairs</li> <li>Drainage Improvements</li> <li>Bridges &amp; Structures</li> <li>Street Lighting</li> <li>Traffic Signals</li> <li>Road markings</li> <li>Road Signs</li> <li>Safety Barriers</li> </ul>	Evidence led asset management approach using established scoring matrices to prioritise works.	6,615	<mark>6,890</mark>
		Overall LTP Allocation	9,252	<mark>9,252</mark>

Table 3 Allocation of Department for Transport Local Transport Plan annual block grants across highway programmes

#### 6.6.2 Pothole Fund

- 6.6.2.1 The table below summarises the funding provided by central government to help the council address road condition in 2022/23 and how the highway service is using it to repair roads in the Borough.
- 6.6.2.2 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 2021/22 of £5.799M.

DfT Pothole Fund	Programme	How is the Programme Determined?	DfT Pothole Fund (£000)	Allocation
			2021/22	2022/23
Highway Asset Investment	Road repairs	Evidence led asset management approach using established scoring matrices to prioritise works.	5,799	<mark>5,799</mark>
	•	Overall Allocation	5,799	<mark>5,799</mark>

Table 4 Allocation of Department for Transport Pothole Fund in 2022/23

## 6.6.3 Additional Council Capital Investment

6.6.3.1 The draft capital programme for the £7.242m Council investment funded activities below summarises the percentage allocations: (Update when MTFS funding confirmed)

Council Capital Investment - Budget Allocation	Programmes	How are the Projects and Programmes Determined?	LTP Block Gra Allocation	
			2021-22	2022-23
Highway Asset Investment	<ul> <li>Drainage Improvements</li> <li>Bridges &amp; Structures</li> <li>Street Lighting</li> <li>Road Marking Replacement</li> <li>Road Repairs</li> <li>Level 3 Footway Improvements</li> </ul>	Highway Asset management led approach using established Council asset led scoring matrices to prioritise works.	1,200 1,400 400	1,200 1,000 400 100 4,000542
		Overall Council Allocation	3,000	7,242

Table 5 Allocation of Additional Council Capital Investment across key highway programmes in 2022/23

- 6.6.4 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.

## 6.7. Next Steps in Business Planning

- 6.7.1 The process of highway service business planning for the next financial year with ethe Council's contractor began in October 2021 and is now complete in readiness for the new financial year in April.
- 6.7.2 In the early stages of the business planning process indicative funding, typically based on the revenue and capital allocations available in the current financial year are used. These are replaced by the actual budgets when finalised. Typically, these aren't available until February when central government announces the details of its road funding paper allocations to local authorities and full Council meets to finalise the MTFS.
- 6.7.3 The funding allocations in this report have been used to complete the business planning process with the Council's contractor.

## 7. Consultation and Engagement

- 7.1. The overall highways capital and revenue budgets have been set following the Council's budget consultation process. This included a report to this committee on 13 January 2022 on the Medium-Term Financial Strategy for 2022/23 2025/26. As part of the consultation process the committee was asked to provide comments and feedback to the Corporate Policy Committee on proposals related to the responsibilities of the committee.
- **7.2.** Corporate Policy committee, at its meeting on 10 February, considered the feedback and made recommendations to the Council (considered at its 24

February meeting) on the budget proposals contained in the final Medium Term Financial Strategy for 2022/23 – 2025/26.

**7.3.** Alongside the Council's overall budget consultation process, a 2022-23 Programme Preparation report was presented to the Highways and Transport committee on 16 November 2021. This demonstrated to members how budget allocations and programmes had been set for 2021-22 and invited them to share their views on the coming year's detailed programme and funding. These have been considered by the highway team as part of the business planning process and the preparation of final detailed budget allocations and programme for 2022-23.

## 8 Implications

#### 8.1 Legal

- 8.1.1 The purpose of the report is to provide an overview of the intended expenditure under various budget lines.
- 8.1.2 Any financial expenditure 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 4.8.1.3

#### 8.2 Finance

- 8.2.1 No direct financial implications arise from this report. The revenue and capital programmes utilise, and will be managed within, the available budgets provided by the Council and central government for 2022/23.
- 8.2.2 The recommended allocations proposed are designed to make best use of the available budgets to maintain and invest in the highway and transport network to meet Council objectives.

## 8.3 Policy

8.3.1 National and local policy context is covered in section 5.

## 8.4 Equality

8.4.1 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.

#### 8.5 Human Resources

8.5.1 There are no Human Resource implications

#### 8.6 Risk Management

8.6.1 The revenue and capital programmes should be treated as indicative as they 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 however, the work and programme consequences would be reported at the next available meeting.

- 8.6.2 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.
- 8.6.3 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.
- 8.6.4 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.

## 8.7 Rural Communities

8.7.1 The 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 Plan for the benefit of all residents.

## 8.8 Children and Young People/Cared for Children

8.8.1 There are no direct implications for children and young people.

## 8.9 Public Health

- 8.9.1 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.
- 8.9.2 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.
- 8.9.3 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.

- 8.9.4 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.
- 8.9.5 The annual highway capital programme includes funding for works that can help to improve air quality and therefore associated respiratory health improvements.
- 8.9.6 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.

#### 8.10 Climate Change

- 8.10.1 The highway service is playing its part in working to help deliver the Council's net zero carbon by 2025. It's key contribution to the work of the Council's Carbon group is twofold. The first is through the fleet implementation plan which is working with key services to introduce low carbon vehicles to replace traditional diesel or petrol powered, cars, vans and HGVs where practicable. The highway service has introduced small electric vans and consideration is being given to this for other vehicles within the fleet. To support this move, electric charging points have been installed in the highway depots. Where diesel/petrol vehicles are still necessary those operated are to the latest environmental standards. The second is the investment into converting all lit highway signs and bollards to low (LED) or no energy (solar) power. The two year programme is underway and due for completion in March 2023.
- 8.10.2 Low carbon considerations are a high priority when planning programmes of work to maintain/improve highway assets. Where possible, materials and products with lower carbon footprint are selected, electric plant and equipment used, and recycling maximised on each site. Collaboration with teams and other services to make best use of a site is also planned to make best used of the location and resources required.
- 8.10.3 Good management of works on the highway through the Council's permit system also plays a key role as it coordinates the keeping demands of developers, utilities and the council's highway service works on the highway. This reduces the impact to traffic travelling on

the highway as it keeps congestion down and minimises associated pollution.

8.10.4 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	on		
Contact Officer: Paul Davies, Contract Operations Manager Paul.davies@cheshireeast.gov.uk 07748 650204			
Appendices:			
Background Papers:	Highways and Transport 2022-23 Programme Preparation paper presented to the Highways and Transport Committee on 16 November 2021		