

Cabinet Meeting on Wednesday 16 March 2022

Highways and Transport Capital Programme 2022/23



Cllr David Williams, Cabinet Member for Highways and Transport said,

“Staffordshire’s huge road network is vital for keeping our county connected and its residents and businesses on the move.

This year we are investing over £50 million in a range of major projects, vital local improvements, and general road maintenance, including an additional £15.5M funded by the County Council to fix more roads.

However, we recognise that there is always more to be done and we continue to lobby central Government for the money necessary to

keep Staffordshire’s roads in the condition we expect and ensure local communities and businesses are able to see the benefits of an improved highway network.”

Report Summary:

Staffordshire County Council’s highway network is valued at over £7 billion, and we know that good roads are vital for communities and businesses to thrive. The highway network is the largest and most visible asset for which the County Council is responsible. The way it is managed and maintained has a direct impact on the County Councils’ ability to deliver the vision of ‘An innovative, ambitious and sustainable county, where everyone has the opportunity to prosper, be healthy and happy’.

In recent years the investment in highway infrastructure and its performance has been increasingly under the spotlight. The current financial challenges and increased public expectations have meant the management of our highway assets has never been more important to ensure we achieve outcomes that benefit everyone.

The Highways and Transport capital grant block funding is made up of two parts, Highway Maintenance (including Bridges) and Integrated Transport improvements. They are not ring-fenced, and precise allocation can be determined at a local level. In recent years this has also been enhanced through government funding via the Pothole Fund

Revenue funding covers day to day expenditure such as emergency repairs, street lighting, grass cutting and winter maintenance and in 2022/23 will equate to £12.8M. However, most of the capital funding for replacing highway assets that have come to the end of their use is generally provided through government grant. At the time of writing this is assumed to be £25.067M in 2022/23 (including the pothole fund) i.e., the same as 2021/22, but £8.735M less than the amount received in 2020/21. The grant for Integrated Transport improvements is assumed to be £3.449M in 2022/23, again in line with 2021/22.

Additional capital funding for Highways and Transport comes from the County Council's own investment decisions, contributions from developers through S106 agreements, other stakeholders and other bid applications.

Over the last 12 years the County Council has provided more than £80M of additional investment to support highway maintenance activities, including £5M per year in the six years 2017/18 to 2021/22 and additional revenue funding of £929,000 in 2020/21 from Reserves.

One of the five priorities for the Councils Strategic Plan for the period 2022-26 is to fix more roads and improve transport and digital connections. We know that improving our highways is one of the top priorities for Staffordshire people. Maintaining and improving this network is very challenging, especially in light of reduced government funding, rising costs and increasing road usage. Despite this we want Staffordshire people to see an improvement in our highways over the next four years.

In 2021/22, the government grant provided for highway maintenance was reduced significantly and at the time of writing it is assumed will stay at the same level for 2022/23. Consequently, the Councils Medium Term Financial Strategy (MTFS) includes an investment in highways in 2022/23 which will help to reduce the maintenance backlog and will mitigate the impact of the grant reduction. An amount of £15.5 million is included in the Capital Programme for this purpose and an additional £1 million is included in the MTFS for revenue costs associated with the transformation programme in this service. Subject to several ongoing pilots producing positive results, then there is scope to increase this revenue allocation by a further £1m, funded from earmarked reserves.

Work on any major schemes, such as the recently completed Stafford Western Access Route (SWAR) and Lichfield Southern Bypass, is funded and monitored separately. Street Lighting in Staffordshire is managed and maintained through a 25-year private finance deal which runs until May 2028 and is not therefore covered in this report

Recommendations

I recommend that:

- a. Cabinet considers the report and approves the Highways and Transport capital investment proposals.
- b. Further to the above a detailed structural maintenance and drainage programme will be developed and approved by the Cabinet Member for Highways and Transportation in consultation with Cabinet Members.
- c. Cabinet approves progression of the programme of developer funded s.278/s111 highway improvement projects and delegates authority to the Director of Economy, Infrastructure & Skills to agree the details of the works agreements and authorise the contracts for works to be entered into.
- d. The Assistant Director for Highways and the Built County monitors progress of the overall programme and is given delegated authority to make any in-year alterations in consultation with the Cabinet Member for Highways and Transportation.



Local Members Interest
N/A

Cabinet – Wednesday 16 March 2022

Highways and Transport Programme 2022/23

Recommendations of the Cabinet Member for Highways and Transport

I recommend that Cabinet:

- a. Cabinet considers the report and approves the Highways and Transport capital investment proposals.
- b. Further to the above a detailed structural maintenance and drainage programme will be developed and approved by the Cabinet Member for Highways and Transportation in consultation with Cabinet Members.
- c. Cabinet approves progression of the programme of developer funded s.278/s111 highway improvement projects and delegates authority to the Director of Economy, Infrastructure & Skills to agree the details of the works agreements and authorise the contracts for works to be entered into.
- d. The Assistant Director for Highways and the Built County monitors progress of the overall programme and is given delegated authority to make any in-year alterations in consultation with the Cabinet Member for Highways and Transportation.

Report of the Director for Economy, Infrastructure and Skills

Reasons for Recommendations:

1. It is widely recognised that a well maintained, functional built environment is an essential ingredient to a prosperous, safe, well-connected and sustainable society, which encourages inward investment and promotes healthy lifestyles and social cohesion. Staffordshire's Highway Infrastructure Asset Management Plan (HIAMP) and District/Borough Integrated Transport Strategies and the Local Cycling and Walking Infrastructure Plan (LCWIP) ensure capital spending is clearly aligned to corporate priorities and delivers value for money.
2. Whilst day to day operational costs such as emergency repairs, street lighting, grass cutting and winter maintenance, are funded through an annual revenue allocation (£12.8m indicative for 22/23), the Highway Maintenance block capital grant helps fund the replacement of life

expired highway assets. The confirmed grant for 2022/23 is £25.067M (including the pothole fund) i.e. the same as 2021/22, but £8.735m less than the amount received in 2020/21. The grant for Integrated Transport improvements during 2022/23 is confirmed as £3.449m, again in line with 2021/22.

3. One of the five priorities for the Councils Strategic Plan for the period 2022-26 is to fix more roads and improve transport and digital connections. We know that improving our highways is one of the top priorities for Staffordshire people. Maintaining and improving this network is very challenging, especially in light of reduced government funding, rising costs and increasing road usage. Despite this we want Staffordshire people to see an improvement in our highways over the next four years.
4. In 2021/22, the government grant provided for highway maintenance was reduced significantly and will stay at this lower level for 2022/23. Consequently, the Councils Medium Term Financial Strategy (MTFS) includes an investment in highways in 2022/23 that will help to reduce the maintenance backlog and will mitigate the impact of the grant reduction. An amount of £15.5 million is included in the Capital Programme for this purpose and an additional £1 million is included in the MTFS for revenue costs associated with the transformation programme in this service. Subject to several ongoing pilots producing positive results, then there is scope to increase this revenue allocation by a further £1m, funded from earmarked reserves.

The Highway Asset in Staffordshire

5. Highway infrastructure is the largest and most visible asset Staffordshire County Council (SCC) is responsible for. It includes over 6,200km of carriageways, 4,360km of footways, over 1,000 structures and more than 115,000 streetlights and illuminated signs.
6. The local road network has an estimated gross replacement value of over £7 billion, the majority of value being within the key asset groups of carriageways, footways and cycleways, structures, street lighting, traffic signals and drainage. Street Lighting is managed through a long-term private finance initiative (PFI) which runs until May 2028 and is outside the scope of this report.
7. Well managed local roads are vital to being able to achieve the key outcomes of the Strategic Plan contributing to the economic, social and environmental wellbeing of Staffordshire. They provide access for businesses and communities and a key part of an area's local character and quality of life.

What is the challenge?

8. Managing our highways is a key challenge to local councils such as Staffordshire who have to manage an ageing network with high public expectations for safe and reliable travel.
9. Highways are increasingly fragile and less resilient to damage from wear and tear, ageing, the changing nature of traffic and the impact of climate change. Short term fixes, such as pothole repairs often don't address the wider problem of aging and weakened road surfaces and are often at the expense of longer-term solutions such as preventative maintenance.
10. The Council has a number of statutory duties in its role as highway authority such as Section 41 of the Highways Act 1980, duty to maintain, and Section 16 of the Traffic Management Act 2004 duty to manage the road network to secure the expeditious movement of traffic. All of these obligations must be fulfilled above and beyond the objectives of the HIAMP.
11. Capital funding is used to provide renewal and replacement of all highway assets including carriageways, footways, structures (bridges), safety fencing, drainage, traffic signals and signs but as noted above, excludes street lighting in Staffordshire.
12. Historically, the capital maintenance grant falls somewhat short of the threshold required to achieve optimum whole-life-cost management of carriageways and footways. Since 2009/10 a number of actions have been taken to help address this:
 - a. Between 2009/10 and 2013/14 an extra £50m capital was also invested from the Council's own reserves
 - b. Between 2017/18 and 2021/22, an additional £5M per year was funded by the County Council and additional revenue funding of £929,000 in 2020/21 from Reserves
 - c. A limited amount of grant funding (£1M) has been diverted each year from the Integrated Transport Block allocation
13. The impact of Staffordshire's HIAMP together with the additional funding from the Council between 2009/10 and 2013/14 was significant. The condition of Staffordshire's road network (proportion where maintenance should be considered) improved by more than 10% between 2009 and 2015, with the improved durability ensuring that the network was better able to withstand the increasing frequency of wet and cold weather that had a significant effect on the condition of roads across the UK. Subsequent reductions in the level of funding available for asset renewal

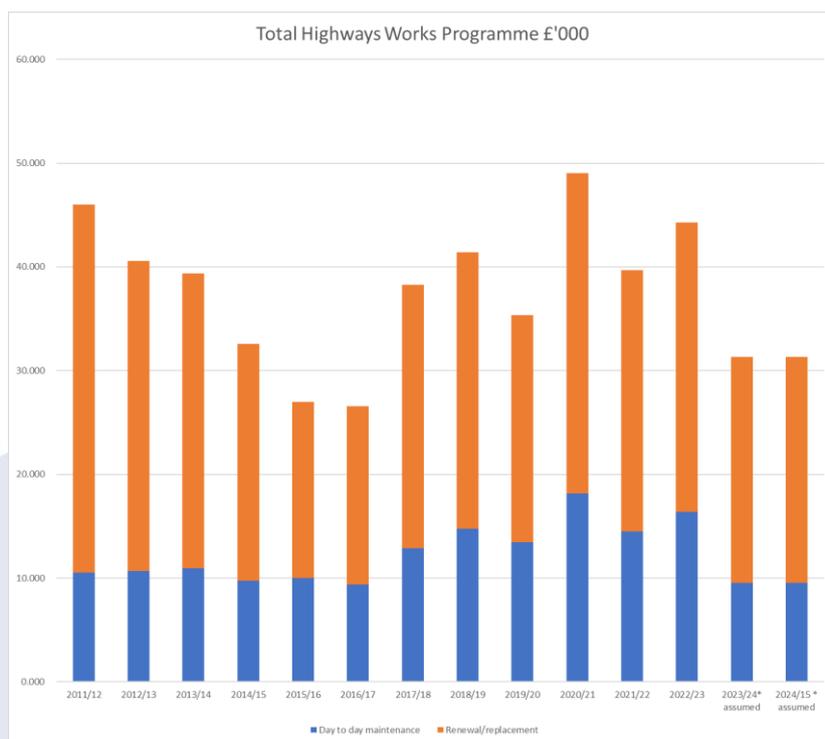
or preventative maintenance have since resulted in an increase in both the percentage of roads in poor condition requiring renewal (red) and, those requiring preventative maintenance (amber).

14. The added durability because of the earlier investment enabled an ongoing reduction in revenue contributions to the capital programme since 2011, in support of the Council's wider Medium Term Financial Strategy (MTFS). Over the past decade, the service has made savings of over £13m/year (57%) ongoing to ensure we can live within our means.

Value of the Highway Maintenance Works Programme

15. As noted above, the highway maintenance service is funded through a variety of sources including revenue, the DfT highway maintenance grant and, additional investment from the County Council. The chart below indicates the total value of the highway maintenance works programme each year (revenue and capital) from 2011/12 onwards. The variable nature of Government funding year on year impacts on the ability of the service and its supply chain to plan and invest in resources and the future workforce. The value of the programme in Chart 1 reflects that at this time no additional funding from the County Council has been confirmed from 2023/24 onwards.

Chart 1: Total value of annual highway works programme (day to day maintenance and renewal/replacement) £'000

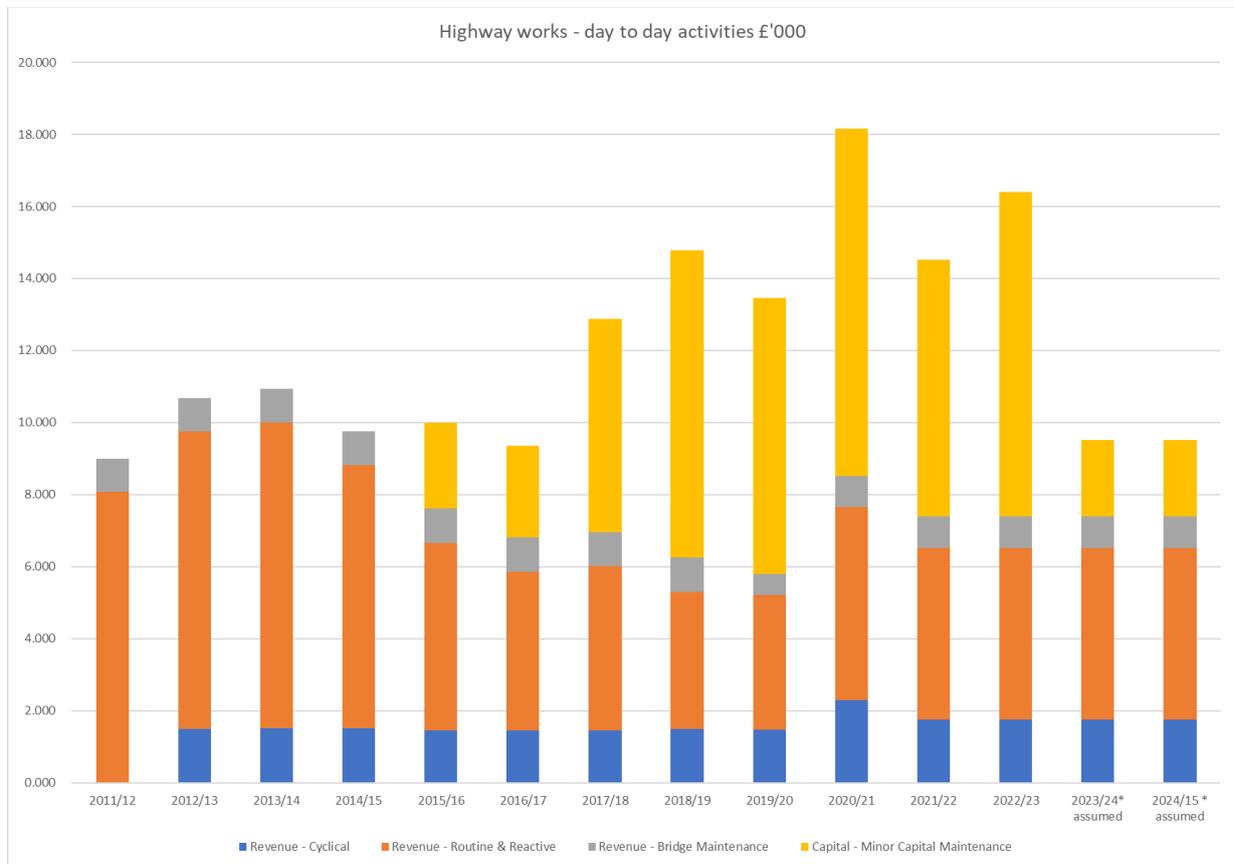


16. Early in 2017 due to the pressure on highway resources, and a deterioration in road condition data across all classifications, and customer feedback, Cabinet approved a £5M/year extra investment strategy between 2017/18 and 2020/21 with a further one off to the same value in 2021/22. The aim of this money was to reduce the backlog, and associated reputational and financial liability, of long-standing low-risk pothole defects.

17. The revenue budget for the highway service in 2022/23 is likely to be in the region of £32M which equates to approximately 5% of the Council's total annual revenue budget. After commitments including the streetlighting PFI, School Crossing Patrols and a range of statutory functions approximately £12.8M (2% of the Council's total revenue budget) remains for highway maintenance operations. This provides the following functions:
 - a. Routine Maintenance including gully and tree works (£6.4M)
 - b. Cyclical Maintenance (£1.8M)
 - c. Winter Maintenance (£3.5M)
 - d. Structures (£1.2M)

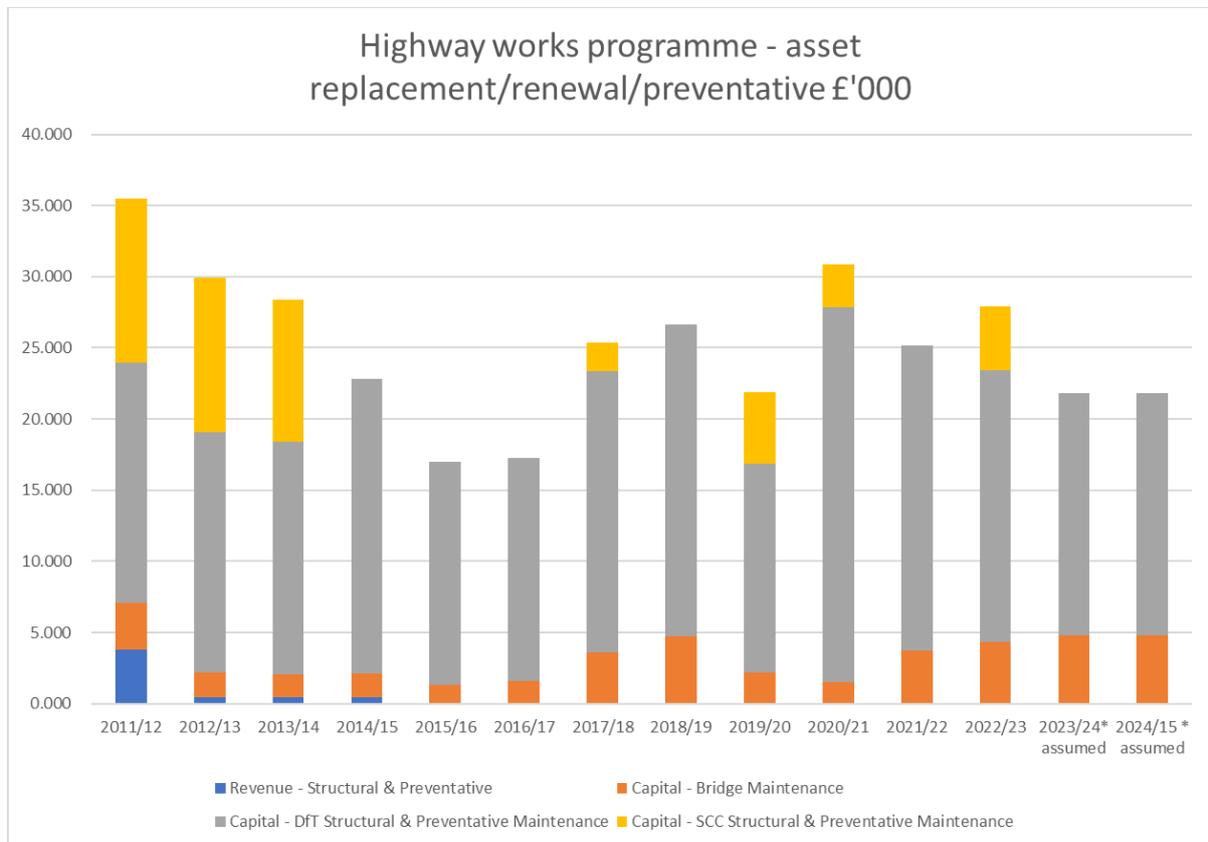
18. Since 2015-16, the block grant for maintenance has been used to provide for minor capital maintenance covering elements of the day-to-day repairs such as patching, potholes and drainage activities which previously were funded through the revenue budget. In 2021/22 this minor capital maintenance totalled £6.7M. In 2022/23 it is proposed that this will increase to £9M (£5M County Council investment on minor capital maintenance + £4M workstack reduction) and hence the needs element of the DfT block grant has been reduced to zero to allow for additional funding to structures. The chart below shows the funding for day-to-day maintenance activities and includes the minor capital maintenance support. This use of capital money does have the consequence of reducing the amount of funding available for preventative maintenance or renewal. The value of the programme in Chart 2 reflects that at this time no additional funding from the County Council has been confirmed from 2023/24 onwards.

Chart 2 : Highway works Day to Day activities £'000



19. The value of asset renewal and preventative maintenance work is shown in the chart below. The annual investment required to maintain the asset in a steady state (carriageways and structures) is estimated to be at least £50M per annum and is also included below. This excludes the one-off investment of £75M required to bring the asset back to the required condition. This backlog will increase year on year whilst investment remains below the minimum required. Construction price inflation and other issues such as reduction of carbon will also add to the gap year on year. The value of the programme in Chart 3 reflects that at this time no additional funding from the County Council has been confirmed from 2023/24 onwards.

Chart 3: Highway works asset renewal, replacement and preventative maintenance £'000



20. A sum of £1M of the Integrated Transport Block has been allocated each year towards capital structural and preventative maintenance in recent years and is included in the above.

Capital Funding for 2022/23

21. The Highways and Transport capital delivery programme is made up of:

- a. Highway Maintenance (including Bridges)
- b. Integrated Transport improvements

22. The funding available to deliver the 2022/23 capital programme includes:

- a. Government Capital Grant Block funding allocation for Maintenance
- b. Government Capital Grant Block funding allocation for Integrated Transport
- c. Staffordshire County Council Highway Investment
- d. Government Pothole fund
- e. Section 106 contributions from developers
- f. Contributions and awards from stakeholders
- g. Contributions from other grants and bids

23. Historically, the Integrated Transport Block, Maintenance Block – Needs Element and the pothole funding additional maintenance funding were allocated by formula based mainly on road length. From 2015/16 to 2020/21 an Incentive element of the maintenance block grant was conditional on demonstrating efficient management and delivery and asset management. The County Council’s highway service has been able to demonstrate that they met the criteria for the highest level of the incentive funding, and this provided up to £3.365m per year. It was originally understood that a different method of allocation would replace the incentive element from 2021/22 but this has continued in 2021/22 and again is the case for 2022/23. As noted, this is dependent on the authority continuing to be able to demonstrate that it is operating an asset management led approach to the local road network.
24. At Budget 2020, the government announced that councils would get a new round of pothole funding with an extra £500 million in 2020/21 as part of a new £2.5 billion Potholes Fund that would also be available for local authorities to undertake longer-term road resurfacing works to prevent potholes from appearing in the first place. The work in repairing potholes and preventing them from forming is only one element to improving the condition for all road users and the Department for Transport (DfT) recognises that well maintained highways not only improve local productivity but also the environment by reducing delays, also making cycling, horse riding and walking more attractive. The value of this funding is £11.141M in 2022/23 i.e. the same as 2021/22.
25. In recent years the government has also made additional funding available through a Challenge fund to enable local highway authorities to bid for funding for major maintenance projects that were otherwise difficult to fund through the normal needs-based formula funding. In 2020/21 £100M challenge fund was incorporated into the 2020/21 funding allocation and distributed to local highways authorities by formula. At the time of writing this report no separate Challenge fund has been announced in 2022/23.
26. The confirmed DfT funding for 22/23 remains the same as in 21/22, representing a real-term reduction due to inflationary pressures.

Table 1: DfT Capital Funding Allocations (assumed at time of writing the report)

DfT Capital Funding Allocations - assumed at 21st January 2022	2020-21	2021-22	2022-23*	2023-24*	2024-25*
	£000s	£000s	£000s	£000s	£000s
LOCAL TRANSPORT CAPITAL FUNDING					
Highways Maintenance Block (Needs Element)	16,154	11,141	11,141	11,141	11,141
Highways Maintenance Block (Incentive Element)	3,365	2,785	2,785	2,785	2,785
Highways Maintenance Block	19,519	13,926	13,926	13,926	13,926
Integrated Transport Block	3,423	3,449	3,449	3,449	3,449
	22,942	17,375	17,375	17,375	17,375
ADDITIONAL DfT FUNDING					
Potential Pothole and Challenge Fund	14,283	11,141	11,141	11,141	11,141
	37,225	28,516	28,516	28,516	28,516
Maintenance Element	33,802	25,067	25,067	25,067	25,067

**It has been assumed that the Governmental incentive level funding for capital maintenance activity on highways assets (needs elements) is to remain at the 2021/22 grant allocation rate. The incentive level funding is dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment and that the Pothole and Challenge Fund contribution remains the same.*

27. One of the five priorities for the Councils Strategic Plan for the period 2022-26 is to fix more roads and improve transport and digital connections. We know that improving our highways is one of the top priorities for Staffordshire people. Maintaining and improving this network is very challenging, especially in light of reduced government funding, rising costs and increasing road usage. Despite this we want Staffordshire people to see an improvement in our highways over the next four years.
28. As noted above, in 2021/22, the government grant provided for highway maintenance was reduced significantly. Consequently, the Councils Medium Term Financial Strategy (MTFS) includes an investment in highways in 2022/23 which will help to reduce the maintenance backlog and will mitigate the impact of the grant reduction. An amount of £15.5M is included in the Capital Programme for this purpose and an additional £1M is included in the MTFS for revenue costs associated with the transformation programme in this service. If ongoing pilots produce positive results, then there is scope to increase this revenue allocation by a further £1M, funded from earmarked reserves.

29. The £15.5M investment strategy during 2022/23 will provide:

a. Minor Capital Maintenance (£5M)

- i. £2M to provide a further 40,000m² of extra pothole repairs (approx. 9,000 individual defects);
- ii. £2M to provide approximately 40 miles of additional low-cost pothole prevention surface treatments; and
- iii. £1M towards additional drainage repairs, targeted at locations where poor drainage is leading to premature road surface deterioration.

b. Customer Service System Improvements (£0.5M)

- i. A one-off investment in improving our end-to-end customer journey including our digital front-door.

c. Tackling the post-winter workstack (£4.0M)

- i. As we come out of the winter period we can expect to see the number of defects that need repairing to grow significantly. The additional funding will be used to repair c.9,000 additional large defect repairs in the first few months of the year.

d. Developing our customer focussed 'Right First Time' approach (£1.5M)

- i. From a customer perspective, repairs are about fixing places not just defects, repairing defects of all priorities in nearby vicinity at the same time whilst ensuring the right repair for the location, planning for larger more comprehensive repairs and improving local communications where 'temporary' safety critical repairs are needed in the interim. This funding will allow new approaches to be piloted to inform future service delivery options and the required funding.

e. Investment in the Asset (£4.5M)

- i. This will allow £1.3M to be invested in structural patching for future preventative maintenance that would enable an extra 10km of roads to receive preventative treatment per year, adding 10 to 15 years of life to these roads.
- ii. The balance of £3.2M will be spent on structural repairs of life expired roads at key gateway locations into major towns and will treat the equivalent of 6km of roads.

Capital Programme Structural and Preventative Maintenance 2022/23

30. In line with Staffordshire's Highway Infrastructure Asset Management, Strategy, Policy and Plan, the authority is committed to an asset management approach encompassing the benefits of whole cost life cycle. This includes ensuring the most effective and efficient use of the available highway budget, so the appropriate treatment is utilised at the right time, focussed on preventative work and prioritising high risk safety defects for repair. The programme of capitally funded work for 2022/23 has been developed in line with the above.

31. Historically, Cabinet has agreed that a 5% top-slice of Highways Maintenance and Education capital resources are used to support other centrally funded capital projects in areas such as Economic Development, Waste Management and Libraries, which receive no such allocation from government. Provision has similarly been made for 2022/23 and this has been taken account of in the preparation of the programme. Table 2a below shows the available funding and proposed distribution including for comparison, 2021/22 and, the anticipated funding through to 2024/25. DfT Funding is assumed to stay the same over the period.



Table 2a: Highway Capital Funding 2022-23 to 2024-25 – Programme Resources*

HIGHWAYS CAPITAL PROGRAMME RESOURCES 2022/23				
as at 18th February 2022				
2021-22 Funding £000s		2022-23 Assumed Funding £000s	2023-24 Assumed Funding £000s	2024-25 Assumed Funding £000s
	LOCAL TRANSPORT CAPITAL FUNDING			
11,141	Highways Maintenance Block (Needs Element)	11,141	11,141	11,141
(557)	5% Top-slicing	(557)	(557)	(557)
10,584	Sub total	10,584	10,584	10,584
2,785	Highways Maintenance Block (Incentive Element)	2,785	2,785	2,785
13,369		13,369	13,369	13,369
1,000	From Integrated Transport Block	1,000	1,000	1,000
(1,328)	Allocate Needs Element to Bridges	(1,828)	(1,828)	(1,828)
(2,119)	Allocate Needs Element to Minor Capital Maintenance	0	(2,119)	(2,119)
10,922		12,541	10,422	10,422
(400)	less potential Over-Achievement in 2020-21			
10,522		12,541	10,422	10,422
	ADDITIONAL DfT FUNDING			
11,141	Potential Pothole and Challenge Fund	11,141	11,141	11,141
0	Allocate to Bridges	(2,500)	(3,000)	(3,000)
	Allocate to Minor Capital Maintenance	0	0	0
(186)	Member Schemes	(186)	0	0
21,477		20,996	18,563	18,563
	ADDITIONAL COUNTY COUNCIL INVESTMENT			
5,000	Additional Capital Investment	15,500	0	0
(4,600)	Allocate to Minor Capital Maintenance	(5,000)	0	0
21,877		31,496	18,563	18,563
	OTHER FUNDING			
0	From Integrated Transport Programme	0	0	0
0	From Revenue	0	0	0
21,877	TOTAL AVAILABLE FUNDING	31,496	18,563	18,563

**It has been assumed that the Governmental incentive level funding for capital maintenance activity on highways assets (needs elements) is to remain at the 2021/22 grant allocation rate. The incentive level funding is dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment and that the Pothole and Challenge Fund contribution remains the same. It has also been assumed that there is no additional investment from the County Council from 2023/24 onwards.*

32. The proposed programme of works increases the amount of funding for design work and replacement of structures from 2022-23 onwards to reflect the increasing risk to a number of structures including Moss Pit Footbridge, School Lane Footbridge, Chetwynd Bridge, Burndhurst Bridge and Stafford Railway Bridge. In 2022-23 it is intended that works will commence on Chetwynd Bridge to reduce the risk of future deterioration but will still require the introduction of a weight limit on this section of

the A513 to the east of the National Memorial Arboretum. Unless there is opportunity to secure grant funding in future years this will mean a reduction in spend on other highway assets including carriageways, footways, and drainage.

Table 2b: Highway Capital Funding 2022-23 to 2024-25 – Programme*

HIGHWAY MAINTENANCE CAPITAL PROGRAMME 2022/23 (Excluding Structures)				
as at 18th February 2022				
2021-22 Funding £000s		2022-23 Assumed Funding £000s	2023-24 Assumed Funding £000s	2024-25 Assumed Funding £000s
	PROPOSED STRUCTURAL, PREVENTATIVE & DRAINAGE PROGRAMME			
	Structural Maintenance (Carriageway)			
1,243	DfT Maintenance Grant Element	1,340	150	400
0	SCC Highway Investment	3,200	0	0
1,243		4,540	150	400
880	Drainage replacement	900	0	200
191	SCRIM (Skid Resistance) Sites	191	191	191
	Preventative Maintenance (Carriageway)			
15,100	DfT Maintenance Grant Element	13,700	14,000	13,200
0	SCC Highway Investment	1,300	0	0
15,100		15,000	14,000	13,200
3,500	Preventative Maintenance (Footway)	2,950	2,650	3,000
	Other SCC Highway Investment			
0	Customer Improvements	500	0	0
0	Right First Time Pilots	1,500	0	0
0	Reduction of Winter Workstack	4,000	0	0
0		6,000	0	0
1,757	Programme Management, Design, Supervision and other works costs	1,896	1,606	1,606
22,671	Total	31,477	18,597	18,597

**It has been assumed that the Governmental incentive level funding for capital maintenance activity on highways assets (needs elements) is to remain at the 2021/22 grant allocation rate. The incentive level funding is dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment and that the Pothole and Challenge Fund contribution remains the same. It has also been assumed that there is no additional investment from the County Council from 2023/24 onwards.*

Potential Highway Risks

33. The Department for Transport (DfT) has recently (18th February 2022) written to local highway authorities indicating that it is committed to allocating funding, including the Potholes Fund, to local highways authorities so they can most effectively spend this funding on maintaining and improving their respective network, based upon their

local knowledge, circumstances, and priorities. The Department strongly advocates a risk-based, whole lifecycle asset management approach to local authorities' highways maintenance programmes. This considers all parts of the local highway network, such as bridges (and other highways infrastructure assets such as culverts and retaining walls), cycleways, and lighting columns - not just the fixing of potholes. It is up to the respective highway authority how best to spend this funding to fulfil their statutory duty under Section 41 of the Highways Act 1980.

34. Despite the additional investment from the County Council, overall, the current budget is insufficient to maintain the asset in its current condition. The majority of the deficit is attributable to the main asset groups of carriageway, footways and drainage. There are also pressures in other assets particularly structures that in the absence of any additional opportunity for grant funding on top of the DfT Maintenance Grant will require reductions in spending on carriageway, footways, drainage, minor capital maintenance and member schemes from 2023/24 onwards. If appropriate levels of investment in the asset are not made, the ability of the local road network to support the outcomes of the County Councils strategic objectives and its statutory duty through providing a safe and reliable road network are increasingly put at risk.
35. Carriageway asset modelling in 2019 estimated that, based on the carriageway condition at that time, a network the size of Staffordshire's, required a one-off investment of around £75M to bring it up to target condition followed by £42M/year ongoing to achieve 'steady-state' condition in carriageway condition alone. Based on the distribution of funds in Table 2b above, the value of work on carriageways in 2022/23 will be circa. £19M reducing to £14.1M and £13.6M in subsequent years.
36. The reduction in the highway maintenance grant and one-year settlements from Government causes short- and medium-term issues including, reductions in efficiency and effectiveness in programmes of work and the ability of the supply chain to plan and invest in both their workforce and equipment for the future. National Highways for example receive a five-year settlement. With the amount of work for major projects such as HS2 in and around Staffordshire starting to increase, there is a risk that local suppliers seek other longer-term arrangements which would impact on the ability of the service to scale back up following any additional investment.
37. Roads requiring major maintenance i.e. structural maintenance will continue to deteriorate and lead to an increasing number of safety defects that places additional demands on the reactive maintenance service, increased level of customer contact/complaints and claims against the authority for damage or personal injury.

38. The authority sees an increasing number of notices or potential notices served against it under Section 56 of the Highways Act 1980 for highways out of repair.
39. Clearly there is much uncertainty around future funding levels which makes financial planning for a long-term asset incredibly challenging. This lack of clarity over future funding levels has been raised with ministers and local MPs and will continue to feature in the councils financial lobbying messages.

Integrated Transport Programme

40. The 2022/23 Integrated Transport programme will help to deliver the eight Integrated Transport Strategies that have been developed for the District/Boroughs, together with the Local Cycling and Walking Infrastructure Plan (LCWIP) and Bus Service Improvement Plan (BSIP). The Transport Strategies are updated to support the District/Borough Local Plans and the County Council's Strategic Plan for 2022 to 2026 which has three interconnected priority outcomes, as follows:
- a. Have access to more good jobs and share the benefits of economic growth
 - b. Be healthier and independent for longer
 - c. Live in thriving and sustainable communities
41. The LCWIP will be pivotal in helping the County Council continue to make the case for future walking and cycling funding. Investment in walking and cycling infrastructure is needed throughout Staffordshire, including at least £31M of investment up to 2030/31 in Burton upon Trent, Cannock, Lichfield, Newcastle-under-Lyme, Stafford and Tamworth. The LCWIP was scrutinised by the County Council's Prosperous Select Committee on 15 April 2021 and received approval in June 2021 through the Cabinet Member Delegated Decision process. Staffordshire's BSIP was published in October 2021 and will help to deliver the National Bus Strategy for England 'Bus Back Better'. A decision on the funding of schemes proposed in BSIP is expected by March 2022.
42. As well as generally contributing £1M towards highway structural maintenance, the Integrated Transport block contributes £0.130M to Targeted wet road skidding sites (reflected in the funding to support Highway Structural Maintenance in Table 2 above) and £0.634M towards the maintenance and refurbishment of traffic signal assets, to help reduce the growing number that are in a very poor condition. Both items appear in the Integrated Transport programme for ease of completeness. In addition, specific schemes in the proposed programme have been able

to attract additional funding and the combined capital funding available for the Integrated Transport programme for 2022/23 is summarised in Table 3.

Table 3: Total 2022/23 Integrated Transport Funding

Source	2022/23 Funding (£'000)
Integrated Transport Block Grant	3,449
Less funding to support Highways structural Maintenance	(1,000)
	2,449
Other capital funding	
S106 developer contributions	1,109
Active Travel Fund (Tranche 2)	1,236
Active Travel Fund (Tranche 3)	343
Paths for Everyone	887
HS2 Road Safety Fund	1,065
LEP Getting Building Fund	150
Cannock Chase Council Community Infrastructure Levy	162
Heritage Lottery Fund	75
Parish Councillor contributions	54
Revenue Capability Funds	20
TOTAL	7,550

43. The Integrated Transport programme includes S106 contributions of around £1.109M that are expected to deliver a range of transport schemes throughout Staffordshire to help mitigate the impact of new housing and employment developments.
44. In 2020, £1.83M was awarded from the Government's Active Travel Fund (Tranche 2) which exceeded our indicative allocation of £1.446M. In 2021, we were awarded £0.97M from the Paths for Everyone fund, managed by Sustrans on behalf of the Government and we have secured a further £0.343M in an Active Travel Fund (Tranche 3) announcement made in February 2022. The active travel schemes are being delivered in 2022/23 and will contribute to the delivery of the LCWIP. DfT Capability Funds are revenue funds that have also been awarded to help progress active travel scheme designs and behaviour change initiatives.

45. The HS2 Phase One Road Safety Fund allocation of £2.975M available to Staffordshire County Council will be delivering a programme of works between 2021/22 and 2025/26. This programme was approved by Cabinet on 17 March 2021. The funding is in addition to the £40M of HS2 Community and Environment Fund and the Business and Local Economy Fund. The schemes expected to be funded will benefit communities in Lichfield District that stand to be most affected by HS2 construction traffic. As well as road safety schemes, the Department for Transport encourages use of the fund to support cycling projects. The County Council intends to continue the delivery of the approved programme during 2022/23.
46. Schemes to be included in the Integrated Transport programme are assessed by officers and scored against the 3 priority outcomes and a long list of potential schemes for 2022/23 were assessed and prioritised in January 2022. Delivery of eight schemes put forward to the virtual team have been deferred for delivery in a future year.
47. The proposed programme is set out in Appendix 1 and includes the detailed schedule with descriptions, justifications, and an assessment of the contribution each scheme makes towards the three Strategic Plan outcomes. The value of the programme currently amounts to £7.806M, which includes a projected over-commitment of £0.256M, which will provide contingency for programme slippage that may occur from unforeseen events, including delays in land acquisition and outcome of local consultations.
48. The programme will be reviewed from the outset when DfT funding is confirmed and progress on delivery will be monitored monthly with significant in-year amendments to the programme reported to the Assistant Director - Highways and the Built County, and subsequent approval for any changes sought from the Cabinet Member for Highways and Transportation. Regular reviews of the 2021/22 programme are continuing to minimise the potential for overspend on the 2021/22 programme, which would be a first call on the funding available for 2022/23.
49. There is also the likelihood of the award of additional funding during 2021/22 which has not been included in this report or the appended capital programme. This includes further rounds of Active Travel Funds, Paths for Everyone funds and Capability Funds. Subject to the approval of final businesses cases, there is also likely to be funding secured for active travel through the Burton upon Trent Towns Fund, the Newcastle-under-Lyme Towns Fund and Kidsgrove Towns Fund.

Developer Agreements

50. A separate programme of developer funded highway improvement works is also delivered to facilitate development as part of the planning approval process. In Staffordshire larger, more complex developer projects are traditionally delivered through s.278 agreements with smaller scale projects delivered through s.111 agreements. The primary difference is that in a s.278 agreement the county council contracts directly with the developer's chosen construction contractor providing the county council with absolute control over the works, whilst in a s.111 agreement the developer delivers the works directly under close supervision by the council.
51. Despite being fully funded by the developer, where s.278 schemes exceed £5.33M (including VAT), the procurement must be carried out in line with Public Contract Regulations 2015. Any schemes below that threshold are subject to the county council's internal procurement regulations.
52. There are three developer funded highway projects valued at over £2M that are expected to be under construction during 2022/23, these are:
- a. Chatterley Valley, Newcastle-under-Lyme.
 - b. Featherstone, South Staffordshire; and
 - c. Beaconside, Stafford.
53. Both Featherstone and Beaconside construction estimates are also over the £5.33M threshold and if the county council is to enter into the contract for works, they would require a full public sector procurement process to be undertaken. It is proposed that the Beaconside, Stafford project is delivered through a s.111 agreement, preventing further delay and enabling co-ordination of temporary traffic management arrangements and communications with the ongoing nearby s.278 Pets at Home highway improvements. Whilst discussions are still ongoing, it is likely that Featherstone will need to be delivered through a s.111 agreement due to the developer's tight programme commitments.
54. The terms of the Beaconside, Stafford the s.111 agreement will enable all risks of a project of this nature to be suitably managed. Co-ordination with the nearby s.278 works provides the county council adequate ability to direct the works as necessary and close supervision of construction operations will ensure quality of the new infrastructure.

Medium Term Financial Implications

55. The ongoing reductions in capital grant allocations from government come at an unfortunate time as they are straight after the end of the previous additional investment from the county council. Together with inadequacy of the grant funding level available makes financial planning for a long-term asset management incredibly challenging. These implications continue to be raised with ministers and local MPs as part of the council's financial lobbying messages.

List of Background Documents/Appendices:

Appendix 1 - Proposed Integrated Transport Improvements 22/23

List of Background Documents:

- [Highways Infrastructure Asset Management Plan \(HIAMP\)](#)
- [Cannock Chase District transport strategy](#)
- [East Staffordshire Borough Transport Strategy](#)
- [Lichfield District Transport Strategy](#)
- [Newcastle Borough Transport Strategy](#)
- [South Staffordshire District Transport Strategy](#)
- [Stafford Borough Transport Strategy](#)
- [Staffordshire Moorlands Borough Transport Strategy](#)
- [Tamworth Borough Transport Strategy](#)
- [Local Cycling and Walking Infrastructure Plan](#)

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