

Report to the Cabinet

Meeting to be held on Thursday, 3 October 2019

Report of the Head of Service - Policy, Information and Commissioning (Live Well and Age Well)

Part I

Electoral Division affected:
(All Divisions);

Local Highway Maintenance Challenge Fund and Local Pinch Point Fund

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Executive Summary

On 24 July 2019, the Department for Transport announced two competitive bidding processes; Local Highway Maintenance Challenge Fund and Local Pinch Point Fund. This report requests approval of the proposed bid and expression of interest to the Local Highway Maintenance Challenge Fund and local contributions that would be required should the submissions be successful.

This is deemed to be a Key Decision and the provisions of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to:

- (i) Approve that a bid be submitted to the Local Highway Maintenance Challenge Fund totalling £3.96m for the repair of retaining walls.
- (ii) Approve that an Expression of Interest be submitted to the Local Highway Maintenance Challenge Fund totalling £9.245m.
- (iii) Approve that proposals relating to the Local Pinch Point Fund be presented to Cabinet for approval in due course.

Subject to the success of (i) and (ii) above:

- (iv) Approve that a local contribution totalling £0.792m be funded by additional prudential borrowing for the retaining wall programme of works.
- (v) Approve that a local contribution totalling £1.850m be funded by additional prudential borrowing for the A601(M) proposals detailed in the report.

Background and Advice

Local Highway Maintenance Challenge Fund

The Department for Transport has made £198m available to enable local highway authorities in England to bid for major maintenance projects that are otherwise difficult to fund through the usual formula needs element allocations received from government. Eligible projects include, for example, structural maintenance, strengthening or renewal of bridges, viaducts, retaining walls or other key structures. In 2019 to 2020 the funding available is £98m. Each local highway authority is eligible to submit one bid for up to £5m of Department for Transport funding,

Expressions of interest (not bids) can be submitted for larger projects in 2020 to 2021 with a minimum Department for Transport contribution of £5m each, for which a total of £100m is available in that year. These must be for maintenance of existing highways and structures, particularly those which need repair urgently, for example structures which require strengthening to prevent weight restrictions or lane closures, or other measures which would require lengthy diversions or other disruption that would affect businesses and residents.

In both instances local authorities are expected to fund a proportion of the total scheme cost. The proportion is not specified and can include third party funding. Previous experience of successful bids suggest that a local contribution of 20% of the total scheme cost is required.

The bidding timetable is as follows:

- 31 October 2019 – deadline to submit a bid up to £5 million.
- 31 October 2019 – deadline to submit expressions of interest for larger schemes with funding in 2020 to 2021.
- 31 December 2019 - Department for Transport to notify winning bids for 2019 to 2020.

For the 2020 to 2021 funding, a small number of schemes will be identified from the expressions of interest and, subject to the caveat that they subsequently successfully complete a Department for Transport business case assessment that provides confidence about value for money, they will be awarded funding for delivery in 2020/21.

Proposed Bid: Repair and Maintenance of Retaining Walls

Based on condition assessment it is proposed that the county council submits a bid to repair a number of retaining walls over three metres in height. The retaining walls, which were typically built during the 18th century as part of the industrial expansion in Lancashire, have only received minor reactive maintenance but are now showing signs of severe deterioration and possible failure and now require substantial capital investment.

The current asset management approach and prioritisation lends itself to preventative maintenance. Dealing with assets that require large capital investment

is difficult to incorporate into this methodology and therefore the maintenance of retaining walls cannot be programmed within the financial envelope available. The walls will be prioritised based on the severity of the condition and their strategic impact on the network. It is anticipated that the final list of walls selected will be located in Pennine Lancashire as the geography in this part of the county with steep valleys and roads, very often running directly adjacent to water courses, means that retaining walls are concentrated in this area. The total cost of the bid is estimated to be £3.96m which would require a local contribution of £0.792m.

Proposed Expression of Interest

With regard to the expression of interest for funding in 2020/21, it is proposed to submit a proposal relating to the A601(M). The A601(M) is a 1.3 mile (2.1km) Special Road in Lancashire. It is a key road linking the M6 at junction 35 to the A6, providing access to Truck Haven located on the junction of the A601(M) and A6, as well as Carnforth itself. The A601(M) also forms part of the official M6 motorway diversion route between junctions 35 and 36.

The road has 5 bridges along its length which require significant maintenance works to ensure their continued use. Without intervention, it is expected that some form of traffic restriction will be required in the form of weight limits, lane restrictions or even full closure.

As a result of traffic restrictions on the A601(M), the diversion of traffic will impact parts of central Carnforth, which is designated as an Air Quality Management Area. Heavy goods vehicles will be directed to a 21 mile (34km) diversion, via M6 junction 36 and the A6, as there is an existing 7.5t weight restriction on the B6254 into Carnforth restricting access.

The proposed scheme includes refurbishment and repair of bridge structures (Brewers Barn West, Brewers Barn East and Elpha), the removal of Brewers Barn West Widening bridge and the removal and replacement of Higher North Road bridge with an at-grade junction at Nether Beck. To facilitate the installation of the at-grade junction, the preferred scheme also proposes the removal of the Special Road status thus removing the M status. The A601(M) will also be fully resurfaced as a result of these works. A full strategic outline business case was commissioned for the preferred option described above. This has confirmed that it satisfies the Department for Transport requirements. The scheme is expected to cost £9.245m and deliver £26.9m of benefits (2010 prices, discounted over 30 years).

The scheme has a Benefit to Cost Ratio of 3.3 and is subsequently expected to deliver 'High' Value for Money based on Department for Transport guidance.

In addition to the transport benefits, when accounting for potential land value uplift, the benefit cost ratio increases to 5.0 which represents 'Very High' value for money according to Department for Transport Value for Money guidance.

A local contribution of 20% is realistic to support the bid. This would require a local contribution of £1.850m.

Local Pinch Point Fund

This competitive fund is for local authorities to bid for high-impact schemes to help address congestion pinch points and to reduce congestion on local roads. The fund is £150m in total, with £75m in each financial year 2021 to 2022 and 2022 to 2023. The Fund is intended to boost economic growth through measures to ease congestion, and improve journey times through small scale improvements, including road widening, junction improvements, and measures to improve traffic flow.

Authorities are asked to submit brief expressions of interest by 31 January 2020. These will be assessed and a decision made on a shortlist. Shortlisted schemes will require submission of a more detailed business case. There is no guarantee of further investment funding to shortlisted authorities. Bids will not be accepted that are related to the major road network. The county council is currently developing options which will be presented to Cabinet for consideration in due course.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

In the event that the county council does not submit to the Local Highway Maintenance Challenge Fund it would forego the opportunity to realise additional Department for Transport funding totalling £13.205m. This would result in further deterioration of assets that will continue to be difficult to fund going forward.

Financial

If the submissions are successful, the following local contributions totalling £2.642m will be required:

- Retaining walls bid - £0.792m
- A601(M) expression of interest - £1.850m

| Project | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023+ | Total £m |
|-----------------------------------|--------------|--------------|--------------|--------------|----------|--------------|
| Retaining walls bid | | 0.300 | 0.492 | | | 0.792 |
| A601(M) Expression of Interest | 0.450 | 0.400 | 0.605 | 0.395 | | 1.850 |
| Total | 0.450 | 0.700 | 1.097 | 0.395 | 0 | 2.642 |

It is proposed that the local contributions be funded from prudential borrowing. The cost of repaying this borrowing over 20 years is an annual charge to the revenue budget of £198,000 per annum. To reduce this, the first call on any savings in the current and future years grant funded programmes will be to reduce the borrowing requirement.

List of Background Papers

| Paper | Date | Contact/Tel |
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None

Reason for inclusion in Part II, if appropriate

N/A