

**Report to the Cabinet**

Meeting to be held on Thursday, 7 March 2024

**Report of the Director of Strategy and Performance**

**Part I**

Electoral Division affected:  
(All Divisions);

**Corporate Priorities:**  
Delivering better services;

**Proposed 2024/25 Highways New Start Capital Programmes**

(Appendices 'A' – 'H' refer)

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**Brief Summary**

This report recommends approval of the addition of the Department for Transport's 2024/25 grant funding allocation for Highway Maintenance, that is £28.811million, and the further additional funding of £3.661million to the highway block of the capital programme once confirmed. The report also recommends the proposed apportionment of this assumed level of funding set out at Appendices 'A' and 'B'. The reference to New Starts refers to this "new" funding.

The report also requests approval of detailed programmes of work relating to this funding set out at Appendices 'C' to 'H'. Any revisions required on receipt of the confirmed funding envelope will be developed and presented for approval at a future date.

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

**Recommendation**

Cabinet is asked to:

- (i) Approve that the Department for Transport 2024/25 Highway Maintenance funding grant, once confirmed, be added to the Highway Block of the Capital Programme.



- (ii) Approve that the Department for Transport Network North additional funding for 2024/25 be added to the Highway Block of the Capital Programme.
- (iii) Subject to approval at (i) and (ii) above, approve the proposed apportionment of the 2024/25 Department for Transport Highway Maintenance funding of £28.811million, and additional £3.661million, as detailed in the report and at Appendices 'A' and 'B'.
- (iv) Subject to approval of (iii) above, approve the proposed 2024/25 New Starts Highway Maintenance programmes set out as projects at Appendices 'C' to 'H'.
- (v) Authorise the Director of Strategy & Performance, in consultation with the Cabinet Member for Highways and Transport, to approve the Localised Deterioration Fund schemes for 2024/25.

## Detail

### Transport Asset Management Plan

The Transport Asset Management Plan approved in 2014 sets out how the county council intends to maintain its publicly maintainable vehicular highway assets, (i.e. A, B and C roads, unclassified road network, footways, street lighting, traffic signals and structures) over the period 2015/16 to 2029/30.

The performance of the plan is reviewed annually, and the latest review, presented to Cabinet in September 2023 provided an update on highway condition data as at the end of March 2023. Condition data provided annually was used to review the Transport Asset Management Plan priorities for Phase 2 (2020/21 to 2024/25) and the proposed apportionment, along with the relevant service standards. The criteria applied to develop the proposed 2024/25 New Starts Programme is aligned with the Transport Asset Management Plan to ensure that a proactive, preventative intervention maintenance programme is developed.

The proposed apportionment takes account of:

- Extensive life cycle modelling that indicates that the level of capital funding received from central government is less than the requirement to maintain the assets to a good condition.
- The publication of the Well Managed Highways Infrastructure: Code of Practice document, (UK Roads Liaison Group: 2016) that has formalised highway authorities' approach to management of risk when maintaining highway assets and the need to fund additional asset related activities.
- The standards agreed as part of the Transport Asset Management Plan refresh at the end of Phase 1.



## Funding Source

In March 2022 the Department for Transport indicated the county council's capital highway maintenance grant funding until 2025. The table below outlines how the grant has been calculated and assumes that the county council will retain its current Band 3 self- assessment. A grant award of £28.811million is in line with the level of grant funding received in 2022/23.

<b>Allocation:</b>	<b>2021/22 (£million)</b>	<b>Annual Allocation 2022/23 - 2024/25 (£million)</b>
Highway Maintenance Basic Need	12.805	12.805
Incentive Fund (assumes Band 3)	3.201	3.201
Pothole Action Fund	12.805	12.805
<b>Total</b>	<b>28.811</b>	<b>28.811</b>

On 4 October 2023, the government announced £8.3 billion of additional highways maintenance funding over the period 2023 to 2033. For the financial year 2024/25 a further £3.661million has been allocated for Lancashire in addition to the normal grant, described above. This additional funding is part of the Network North funding stream. It is proposed to focus this investment on the Localised Deterioration Fund, capital drainage schemes, street lighting column replacement and a programme of capital lining.

This will allow the council to:

- continue investment in the Urban Unclassified roads and maintain the standard of the ABC road network for the remainder of Phase 2, as per Transport Asset Management Plan priorities for Phase 2.
- continue investment in the Localised Deterioration Fund to support the management of structural defects and reduce member concerns.
- maintain investment in drainage at an appropriate level.
- increase the investment in street lighting column replacement, allowing the Highway Service to increase capacity over a two-year period.
- allow sufficient funding for Bridge and Structure risks assessments to inform the development of a work bank for the increased investment in bridges and structures in Phase 3 of the Transport Asset Management Plan.
- ensure safety critical lining is to a good standard.

Appendix 'A' details the proposed apportionment of the assumed grant award and additional Network North funding.

Appendix 'B' details the scheme selection criteria.



## Programmes

The proposed programme is set out as schemes at Appendices 'C' to 'H'.

## Appendices

Appendices 'A' – 'H' are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Proposed Apportionment of Assumed 2024/25 Highway Maintenance Capital Programme Funding
Appendix 'B'	2024/25 Proposed Criteria to Determine Highway Maintenance New Starts Programme
Appendix 'C'	ABC Capital Programme
Appendix 'D'	Rural Unclassified Programme
Appendix 'E'	Urban Unclassified Programme
Appendix 'F'	Footway Programme
Appendix 'G'	Moss Roads Programme
Appendix 'H'	Bridges Capital Programme

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Risk management

The minimum level of funding to manage the asset within a reasonable level of risk is now estimated between £41.7million and £45.2million, with the sustainable investment level of funding between £51.88million and £56.2million.

The Department for Transport allocation of £28.811million, with the additional £3.661million for 2024/25 apportioned along Transport Asset Management Plan principles will help to manage overall risk.

The risks associated with an effective reduction in funding available for 2024/25 due to the current inflationary pressures, include:

- Reduced ability to maintain the progress already made in Phase 1 of the Transport Asset Management Plan in improving the ABC network and maintain it in a good condition through phase 2 of the Transport Asset Management Plan.
- Reduced ability to address phase 2 priorities, particularly the urban unclassified network that is currently considered 'poor' and will deteriorate further. This will also have the impact of an increased number of structural



defects having to be dealt with on a reactive basis and a likely increase in concerns raised by members of the public.

- Increased risk of street lighting column failure, causing risk to the public, throughout Phases 2 and 3 of the Transport Asset Management Plan. This can be mitigated by transferring funds from column replacement to column testing; however, the backlog in column replacement will increase as a result.
- Potential increase in the failure of traffic signal equipment on the strategic road network, throughout Phases 2 and 3 of the Transport Asset Management Plan.
- Risk in effectively assessing bridge condition, including effects of scour and severe weather events, and developing timely maintenance programmes, prejudicing the delivery of priorities of Phase 3 of the Transport Asset Management Plan as well as carrying additional risks during Phase 2.
- Not adequately addressing the Phase 2 priorities during Phase 2 of the Transport Asset Management Plan (up to March 2025) also puts further pressures on the Phase 3 priorities and substantially increases risk through Phase 3 of the Transport Asset Management Plan.
- A reduced ability to maintain the ABC network in a good condition through preventative treatments through Phase 2 will not have an immediate effect on condition of the network in Phase 2 of the Transport Asset Management Plan but will increase the maintenance backlog for Phase 3 of the Transport Asset Management Plan. This and the carried over backlog of the unclassified networks to Phase 3 will mean an increased backlog.

In order to manage these risks the approach to managing the different asset groups, whilst still being aligned to the original Transport Asset Management Plan approach of preventive maintenance over 'worst first', have been amended for each asset type. These approaches appeared in the Transport Asset Management Plan Refresh for 2023, published September 2023.

The 2024/25 Department for Transport grant funding allocation also assumes that the county council will qualify for Band 3 Incentive funding through the Self-Assessment process. The assessment of officers is that the county council will be confirmed as qualifying for Band 3 funding. However, funding may be reduced if Band 3 status is not achieved. The Department for Transport has not yet confirmed the timescale for the Self-Assessment process. It is proposed that any changes required to the proposed 2024/25 New Starts Highway maintenance programmes, in the event of the confirmed grant funding award being less than the assumed allocation, be reported to Cabinet at a future meeting.

It should also be noted that the delivery of the proposed programmes/projects is dependent on the 2023/24 highway maintenance programme outturn position which will not be known until spring 2024. The programmes may be subject to change after this date.

Furthermore, there is a risk that some of the detailed highway and transport programmes/projects set out at Appendices 'C' to 'H' may not be delivered or could be delayed due to changes to estimated costs, other priorities emerging within year because of bad weather or other unforeseen circumstances.



## Financial

It is proposed that the programmes detailed at Appendices 'C' to 'H' be funded from the assumed 2024/25 highway maintenance grant funding from the Department for Transport with a value of £28.811million and the additional funding with a value of £3.661million, total value of £32.472million.

Since the bridges and structures programme will require design and consultation, it is anticipated that some elements of the programme may be delivered over two years. It is proposed that the programme will be subject to review to ensure work is delivered in the most effective time frame with funding being brought forward as required. The expenditure profile is:

- 2024/25 - £2.180million
- 2025/26 - £1.720million
- 2026/27 - £1.700million

All structural defects that meet the safety intervention criteria will be addressed and therefore the actual expenditure will reflect operational demand. It is assumed that £10million will be required in 2024/25 to be funded by:

- £2million from the Department for Transport's Highway Maintenance Grant.
- £8million from other funding within the capital programme with Grants received including Highway Maintenance Basic Need and incentive grants being the priority funding, and contributions from revenue and prudential borrowing being a last resort. Should this 8m be funded from borrowing this will have a revenue commitment for financing of £760k per year for 20 years.

There is also additional annual funding above the level of the Highways maintenance grant built into the proposed capital programme. This is towards specific areas of highways related work and includes the £8m referred to above for structural defects.

The full highways capital programme of £51.129m is to be agreed as a separate report at this meeting. This report is focused on the allocation of the Highways maintenance grant to the programmes of works it will fund within the wider £51.129 investment.

There will be more detailed work required to match the funding available to the works delivery to ensure that the grants are used in the most efficient way ensuring that all grant conditions are adhered to.

## Legal

The Authority has a duty to maintain publicly maintainable highways, both vehicular and those which are in the Public Rights of Way network. Maintenance includes drainage and includes maintaining various structures such as some bridges, culverts, etc. The standard required is that each road be in such repair as to render it reasonably passable for the ordinary traffic of the neighbourhood at all seasons of the year without danger caused by its physical condition.



## List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

