

Transport and the Environment Board

21 October 2021

Highways Capital Maintenance Allocation of the 21/22 Grant

Is the paper exempt from the press and public?	No
Purpose of this report:	Policy Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

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Executive Summary

In January 2021 the SYMCA Board approved the distribution of a predicted Highways Maintenance allocation for this financial year. On award the allocation had increased, there was a restructuring of the allocation breakdown but no changes to grant conditions. This paper proposes a method for distribution of the revised award.

What does this mean for businesses, people and places in South Yorkshire?

An efficient and effective highway network enables reliable movement of people and goods around the region for all purposes. Ongoing maintenance funding is essential to support this.

Recommendations

That the formula for distribution of funding which was agreed by MCA for the predicted allocation is applied to the full value of the actual award received.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 At the time of MCA approving the capital programme for 2021/22 the annual settlement for Highways Capital Maintenance (HCM) had not been announced by DfT. To allow activity to continue a predicted value was included in the approval, based on previous years' settlement levels.
- 1.2 When DfT announced the settlement there was a variation in the structure and total value of the settlement for which a revised approval is now sought.
- 1.3 The predicted settlement had a total value of £12.219m, made up of £10.113m HCM Needs and £2.106m HCM Incentive. The settlement received has a total value of £15.692m and is made up of £6.974m HCM Needs, £1.744m, HCM Incentive and £6.974m Pothole funding. This is a total increase of £3.473m.
- 1.4 The grant conditions for the full settlement are the same as previous years conditions and DfT intentions for the funding have not been altered by the changes in the settlement. The settlement letter and conditions are attached as Appendix A
- 1.5 In previous years the DfT has provided the Pothole allocations as separate settlements to the annual HCM. These have also come with the same conditions so the addition of a Pothole element to the annual award does not create any diversion from past practice.
- 1.6 The proposal of this paper is that the formula for distribution of the original forecast settlement, as approved at MCA in January 2021 is applied to the actual settlement value.
- 1.7 Maintenance allocations from DfT are calculated by the Department using a formula that takes into account the length and number of highways assets within a local authority area. The full details of this calculation, or the base data used are not publicised by the department. Within SYMCA this formula is applied to BMBC, DMBC and RMBC only, SCC have a separate PFI arrangement for their Highways Maintenance funding requirements.
- 1.8 The result of this formula is a consistent distribution of the allocations across the three recipient authorities, Table 1 below shows how the forecast allocation was distributed and how the revised allocation would be allocated.

Table 1 – Maintenance Allocation Distribution Values

LA	% Share (to 2dp)	Total from forecast settlement	Equivalent Total from actual settlement
BMBC	30.20	£3.690m	£4.739m
DMBC	40.18	£4.910m	£6.305m
RMBC	29.62	£3.619m	£4.648m
Total	100.00	£12.209m	£15.692m

2. Key Issues

2.1 Levels of maintenance funding have been reducing continually throughout resulting in a significant backlog of work required to be completed. Although Government have provided some additional ad hoc maintenance allocations in recent years the levels remain low and this backlog continues to increase. An ongoing programme of network condition evaluation ensures that the most important regional routes, with the highest need for repair are prioritised. It remains essential though that all available funding is deployed to minimise the deterioration of the highway network condition.

3. Options Considered and Recommended Proposal

3.1 Option 1

To apply the formula for distribution which was used when the original forecast allocation was approved by MCA to the revised settlement value and allocate the funding to the three recipient local authorities as per Table 1.

3.2 Option 1 Risks and Mitigations

The processes and functions to deliver maintenance programmes are well established in the region and there is the necessary capacity within these to manage delivery of the additional allocation so risk to delivery is negligible and mitigated by the existing arrangements.

3.3 Option 2

A competitive submission or needs based approach could be undertaken with authorities asked to present business cases for evaluation.

3.4 Option 2 Risks and Mitigations

The scale of the backlog of works required means that all of this funding is required. Allocating through a competitive process would detract from delivery of those core works and could divert this essential funding away to a more project-based allocation. DfT have provided additional competitive funds in recent years which have provided an opportunity to address these larger project requirements without reducing the level of commitment to fundamental maintenance.

3.5 Recommended Option

Option 1

4. Consultation on Proposal

4.1 The proposed distribution has been discussed with the four South Yorkshire local highway authority Asset Managers.

5. Timetable and Accountability for Implementing this Decision

5.1 TEB approval of a variation in allocation would need to be presented to MCA for approval. Once this has been completed the additional allocations could be added to the authorities' schedule of works immediately.

6. Financial and Procurement Implications and Advice

6.1 The MCA Board agreed to the £3.473m increase noted in paragraph 1.3 when the MCA group revenue budget and capital programme was approved in March 2021.

6.2 The decision is therefore to agree the proposed formula for distribution between the three local authorities, the impact of which is fiscally neutral to the MCA.

7. Legal Implications and Advice

7.1 None

8. Human Resources Implications and Advice

8.1 No implications directly arising from this report.

9. Equality and Diversity Implications and Advice

9.1 Equality, Diversity and Social Inclusion has been actively considered in the design of all local authority transport projects.

10. Climate Change Implications and Advice

10.1 No implications directly arising from this report.

11. Information and Communication Technology Implications and Advice

11.1 No implications directly arising from this report.

12. Communications and Marketing Implications and Advice

12.1 There are no communications and marketing implications arising from this report.

List of Appendices Included

A Sheffield City Region CA ITB & HCM Pothole Settlement

Background Papers

n/a