

Delegated Cabinet Member Decision Report

Decision Maker and Portfolio area:	Cllr A Jabbar, Cabinet Member for Finance and Corporate Resources
Date of Decision:	16th July 2019
Subject:	Transport Capital Programme 2019/20: Budget Update Report 1
Report Author:	Eleanor Sykes
Ward(s) Affected:	Boroughwide

Reason for the decision: This report details budget changes within the agreed 2019/20 transport capital programme that are required so the programme continues to reflect current priorities, budgets match expenditure and that take-up of available grant funding is maximised.

Summary: This report is the first in a series of reports that will be produced in 2019/20 as part of the ongoing monitoring of the transport capital programme. The report sets out the current position in respect of the value of the 2019/20 transport capital programme and its various funding streams and proposes a number of budget changes within the programme which are detailed in Appendix A. All scheme budget increases have been managed within the transport capital programme resources. There is additional funding being brought into the 2019/20 transport capital programme of £138,361.88 as outlined in this report.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1:

- Agree the required budget changes as outlined in Appendix A to this report so that the programme continues to reflect current priorities, budgets match expenditure and that take-up of available grant funding is maximised.

Option 2:

- Do not agree the required budget changes

- as outlined in the appendix
- to this report and do not accept the additional grant monies.

Recommendation(s):

Option 1:

- Agree the required budget changes as outlined in Appendix A to this report so that the programme continues to reflect current priorities, budgets match expenditure and that take-up of available grant funding is maximised.

Implications:

*What are the **financial** implications?*

Capital

This report is the first in a series of update reports in the 2019/20 financial year for the Transport Capital Programme.

The current capital allocation within the transport capital programme is detailed within Table 1 (below) and amounts to the following:

2019/20 - £18,611,251
2020/21 - £11,490,938
2021/22 - £6,015,000

Total 3 years programme - £36,117,190

The report is seeking approval (as per option 1) for a combination of budget changes and additional funding that has been secured amounting to £138,361, re-allocation of existing resources amounting to £446,307 and the reprofiling of £777,827 into 2020/21. Growth Deal 2 (GD2) has also now been realigned into the Transport Capital Programme amounting to £1,357,505. The full breakdown of proposed changes and additions are detailed within appendix A of this report and in the additional information section below.

Following approval of the recommendations as per option 1, the 3 year transport capital programme will be £37,613,056.

(Sadrul Alam, Finance Manager)

*What are the **procurement** implications?*

Any subsequent sourcing activity arising from this funding allocation will be procured in accordance with the Council's Contract Procedure Rules. This will include satisfying value for money principles and with due regard

to social, economic and environmental factors.

(Jay Thind)

*What are the **legal** implications?*

There are no legal implications in this report. Legal Services will comment on the procurement activities involved in spending the budgets. (Elizabeth Cunningham-Doyle)

*What are the **Human Resources** implications?*

N/A

***Equality and Diversity Impact Assessment** attached or not required because (please give reason)*

N/A

*What are the **property** implications*

N/A

Risks:

None

Co-operative agenda

The Transport Capital Programme is determined and approved centrally (involving Council and Unity officers at a senior level and the Portfolio Holder for Neighbourhood Services) so that schemes meet the Council's statutory duties and wider transport strategy objectives. In the light of decreasing levels of funding, the development of the programme reflects a co-operative approach, ensuring that where possible schemes meet multiple objectives and complement other capital and revenue programmes such as regeneration. This approach can often result in composite schemes comprising carriageway maintenance, safety enhancements, public realm, pedestrian and cycle improvements, which achieves better value for money.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?

Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

No

List of Background Papers under Section 100D of the Local Government Act 1972:

Title	Available from

Report Author Sign-off:	Date:
Eleanor Sykes	19 th June 2019

Please list any appendices:-

Appendix number or letter	Description
Appendix A	Proposed 2019/20 transport capital programme budget changes

Background:

The Council's Capital Strategy and Capital Programme 2019/20 to 2023/24 was approved by full Council on the 27th February 2019. This includes the principle that all unringfenced grants secured through the GM Local Transport Plan (LTP) be passported for investment in the highway network.

A three-year transport capital programme, plus a list of reserve schemes, is prepared (currently covering the period 2018/19 to 2020/21) by the Council for minor LTP funded works that include highway maintenance, bridges and structures, road safety, traffic management and cycling and walking schemes. This is dependent on GMCA distributing the LTP resource in line with the indicative Local Authority allocations calculated by the Department for Transport. Oldham's allocations for the next 2 years are indicative and are set out below:

- 2019/20 £1,973,000 (indicative)
- 2020/21 £1,973,000 (indicative)

The 2019/20 programme has a value of £18,611,252 and comprises several areas of work and is funded from a variety of different sources. It includes the 2019/2020 indicative resource of £1,973,000 from the Local Transport Plan allocation.

The value of the approved programme is currently £36,117,190 as shown in table 1 below.

Sources of Funding	Revised 2019/20 (£)	Revised 2020/21 (£)	Revised 2021/22 (£)	Total (£)
Prudential Borrowing	9,339,836	5,019,000	4,042,000	18,400,836
Highways Agency	3,940	0	0	3,940
LTP Grant	111,492	0	0	111,492
LTP Highway Maintenance Grant	4,147,890	1,973,000	1,973,000	8,093,890
Flood Defence- Local Levy Fund	129,044	0	0	129,044
Pothole Grant (2014-15)	747,270	0	0	747,270
Grant in Aid	791,522	0	0	791,522
Local Growth and Reform 2 Grant	3,000	0	0	3,000
GM – Local Highways Flood Damage Fund	(4,668)	0	0	(4,668)
Growth & Housing Fund Grant	69	0	0	69

Growth Deal 3	1,314,399	4,498,938	0	5,813,337
Mayor's Cycling and Walking Challenge Fund	757,035	0	0	757,035
Safer Roads Fund	962,000	0	0	962,000
GM Casualty Reduction Fund	10	0	0	10
S106	45,293	0	0	45,293
Contribution from 3rd Parties	3,940	0	0	3,940
Agreed Council Resources	259,181	0	0	259,181
Grand Total	18,611,252	11,490,938	6,015,000	36,117,190

Current Position

The transport capital programme is subject to ongoing monitoring and review to ensure it continues to reflect current priorities, that budgets match expenditure and that take-up of available grant funding is maximised. Through this ongoing monitoring the need to make changes to budgets in the approved programme has arisen. There is additional funding being brought into the 2019/20 transport capital programme of £138,361.88 to reflect:

- Additional funding of £79,250 from the Environment Agency's Grant in Aid as detailed below;
- Additional funding of £54,111.88 from Cycle City Ambition Grant 2 (CCAG2);
- Additional funding of £5,000 (£2.5k Shaw & Crompton District Executive and £2.5k High Crompton Post Office) for a traffic scheme to be delivered on their behalf outside High Crompton Post Office.

Proposals:

Flood Management Programme Update

In February 2014, Oldham Council submitted an indicative six-year programme covering the period 2015/16 – 2020/2021 to the Environment Agency for funding of flooding hotspots schemes in the Borough. The current status of Oldham's schemes is as follows:

Pencil Brook

All funding has been accepted into the programme for this scheme and the scheme was completed on-site by September 2017.

Broomes Park

In October 2016 the current level of funding for this scheme was accepted into the programme as follows: £280,500 Grant in Aid, £75,000 Local Levy (original allocation) and £22,000 Council Resources (match funding to secure the Grant in Aid).

During the development of this scheme it became apparent that Oldham Council as the Riparian Owner of the embankment where the flooding water emanates have a duty to manage their surface water and culverted watercourse under Common Law and the Flood and Water Management Act of 2010. It was therefore agreed with the Head of Strategic Assets & Facilities Management that an additional contribution required for this scheme (£175,000) would come from the Schools Capital Maintenance budget. This budget was added in 2018/19.

This scheme is now on-site, in two phases, and will be fully complete by September 2019. The Environment Agency funded phase will be complete by the end of July 2019.

Delph New Road

In 2017/18 an updated business case was submitted to the Environment Agency which secured additional Grant in Aid for the scheme of £545,981. This was alongside an original Local Levy allocation of £90,000. The Grant in Aid allocation was awarded subject to match funding of £60,000 via Council Resources which was secured through the transport capital programme in 2018/19.

This scheme is fully designed and due to start on-site in September 2019, following a Cabinet decision on the tender award (the value is over £400,000) in August 2019.

Grasmere Road, Royton

An additional scheme was brought into the Flood Management Programme in 2018/19. We secured £49,000 of Grant in Aid to progress detailed investigation and design work for a flood management scheme at Grasmere Road in Royton where properties in the vicinity have been experiencing flooding for the last few years. Alongside the Grant in Aid offer there was a commitment of £6,000 each from Oldham Council and United Utilities making the overall budget £61,000. This investigation and design work are ongoing and will be complete in 2019/20.

Churchfields, Dobcross

An additional scheme is being brought into the Flood Management Programme in 2019/2020. We've secured £79,250 of Grant in Aid to progress detailed investigation and design work for a flood management scheme at Churchfields, Dobcross where properties in the vicinity have experienced flooding in the last few years. This investigation and design work are yet to begin but will be complete by the end of 2019/20.

Cycle City Ambition Grant (CCAG2)

Oldham has secured additional Cycle City Ambition Grant 2 (CCAG2) monies through TfGM from underspend across Greater Manchester due to non-delivery of CCAG2 schemes. Oldham were the first GM authority to deliver the original CCAG2 funded schemes at Campus Oldham and Union Street West Footbridge in 2016/17.

£54,111.88 has been secured to retrospectively cover phase 1 works at King Street Footbridge (deglazing works carried out in 2018/19). This additional budget will allow us to free up our own funding against this code to use elsewhere across the programme during the year/next year.

Structures Programme (within Transport Capital Programme)

Historically, structures schemes (retaining walls, bridges including footbridges, culverts) have been included in the capital programme based on their condition at a given point in time and the impact that further damage or deterioration to the structure could have on highway users. For example:

- Road closures;
- Footbridge/Public Rights of Way closures;
- Collapse of a structure resulting in potential injuries to users;
- A larger-scale scheme (beyond our available budgets) in the longer-term.

Structures schemes budgets nominally represent £500,000 - £650,000 of the annual LTP transport capital programme budget. However, there is currently a backlog in delivery of these schemes for the following reasons:

1. Currently budgets are estimated at the point of including a scheme in the programme, sometimes based on minimal knowledge of the required solution, ground conditions, utilities in the area and land ownership. In the past this has led to the need for budgets to be increased and/or schemes taking a significant amount of time to be delivered;
2. Over the last few years we have secured significant additional funding, for example through the DfT Challenge Fund, Environment Agency Grant in Aid, for delivering large-scale structures, drainage and flood alleviation schemes. These have been delivered or are in the process of being delivered;
3. In 2018/19 two structures in the borough (Thurston Clough Culvert, Delph and A672 Oldham Road, Denshaw - Retaining Wall) were identified as being in dangerous conditions that prioritised delivery of these schemes over others in the programme. These two schemes were highlighted to CIPB during 2018/19 and were included in the programme sooner than scheduled (A672 Oldham Road Retaining Wall was previously identified as a 2019/20 - 2020/21 scheme and Thurston Clough Culvert was previously identified on a reserve list of schemes).

The challenges outlined above initiated, from October 2018 onwards, a large-scale review of the Structures programme. This review has allowed for the following:

- Re-prioritisation of the approved capital schemes to align with the Asset Team's most recent Prioritisation Matrix List for structures. The Prioritisation Matrix is maintained by the Asset Team and updated through routine inspections and monitoring of all Council-owned highway structures;
- Early Contractor Involvement (ECI): we engaged with a contractor to assess six of the approved capital schemes. This process provides certainty around scheme delivery, timescales, logistics and confirmation of adequacy of the existing scheme budget. Alongside the ECI, preliminary design including site investigations (trial holes, bore holes, utilities engagement) has taken place. This work has culminated in the need for the budget changes being made through this report to these six schemes that we are referring to as Tranche 1:
 - Thurston Clough Culvert, Delph
 - A672 Oldham Road, Denshaw – Retaining Wall
 - A62 Huddersfield Road, Scouthead – Retaining Wall
 - Rhodes Hill Culvert, Lees
 - Sarah's Footbridge, Denshaw
 - The Causeway Bridge, Chadderton (not part of Tranche 1 delivery)
- To accommodate the required budget changes needed during 2019/20 and 2020/21 there are capital schemes that we have delayed delivery on until future years;
 - The Causeway Bridge, Chadderton
 - Foxdenton Lane Culvert
 - Tame Water Culvert, Delph
- We are proposing to carry out ECI's and preliminary design, including investigatory works on a further three approved capital schemes in 2019/20 with a view to delivering the schemes on-site across 2020/21 and 2021/22. These make up part a Tranche 2 list of schemes:
 - Cooper Street, Springhead – Retaining Wall
 - Lane Head Road, Lees – Retaining Wall

- Denshaw Bridge, Delph Road
- We are making a recommendation to introduce a new capital budget of £100,000 per year. This budget, 'Minor Structures Works', will enable high priority, lower value and/or emergency structures works to take place. This will assist the Asset Team in managing the risk posed by some structures. These will generally be 'quick win' schemes that do not require utility diversions, land purchases, or complicated traffic management arrangements.

The above is felt to be a realistic approach to dealing with the current backlog of schemes. It creates a commitment into 2020/21 of £826,224 which will be covered by re-profiled budgets from 2019/20 and next year's LTP allocation (allocation currently approved for structures schemes in 2020/21 of ~£665,000).

There will be a need for a further report to CIPB later this year to discuss the structures programme as we move forward. If we continue to use the approach outlined above to identify and deliver schemes our programme shows that we will have a shortfall in budget required from 2021/22 onwards. At this stage we have not committed to delivery of any schemes that are not within current indicative budget allocations and existing funding.

Since October 2018 the structures part of the transport capital programme has been subject to its own monthly meeting between Oldham Council and Unity officers. This will continue as we progress through the next stages of delivery, so we can closely monitor progress and report any changes in a timely manner.

Conclusions:

In consultation with

(Relevant Executive Director/Director  Date: _____

