

## Delegated Cabinet Member Decision Report

<b>Decision Maker and Portfolio area:</b>	<b>Helen Lockwood – Executive Director, Economy, Skills and Neighbourhoods</b>
<b>Date of Decision:</b>	<b>19<sup>th</sup> June 2018</b>
<b>Subject:</b>	<b>Transport Capital Programme 2018/19: Budget Update Report 1</b>
<b>Report Author:</b>	<b>Eleanor Sykes</b>
<b>Ward(s) Affected:</b>	<b>Boroughwide</b>

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**Reason for the decision:** This report details budget changes within the agreed 2018/19 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 2018/19 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 2018/19 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. Additional funding received and/or required, as outlined in this report, totals £1,043,000.

***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.
- Accept the additional grant from the Local Highways Maintenance Incentive Fund (£411k) and the Pothole Action Fund (£402k) and agree the use of these grants on the

- works outlined in the report.
- Accept a Grant in Aid contribution of £49k from the Environment Agency together with a council resource contribution of £6k for flood defence scheme on Grasmere Road, Royton.
- Agree the transfer of £175k from the school's capital maintenance budget for the flood defence schemes at Broomes Park, Chadderton.
- Agree a council resource contribution of approx. £43k on the Delph New Road flood defence scheme within the transport capital programme resources

**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.
- Accept the additional grant from the Local Highways Maintenance Incentive Fund (£411k) and the Pothole Action Fund (£402k) and agree the use of these grants on the works outlined in the report.
- Accept a Grant in Aid contribution of £49k from the Environment Agency together with a council resource contribution of £6k for flood defence scheme on Grasmere Road, Royton.
- Agree the transfer of £175k from the school's capital maintenance budget for the flood defence schemes at Broomes Park, Chadderton.
- Agree a council resource contribution of approx. £43k on the Delph New Road flood defence scheme within the transport capital programme resources.

**Implications:**

*What are the financial implications?*

**Capital**

This report is the first in a series of update reports in the 2018-19 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:

2018-19 - £14,642,486  
2019-20 - £10,973,000  
2020-21 - £ 9,473,000

Total 3 years programme - £35,088,486.

The report is seeking approval (as per option 1) for a combination of budget changes and additional funding that has been secured amounting to £1,043,000 and a re-allocation of existing resources amounting to £519,159.47. 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 £36,131,486.

#### **Revenue**

There are no revenue implications.

(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.  
(Darren Judge)

***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 budget.  
(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 Environmental 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
3 year Transport Capital Programme 2018/19 – 2020/21	<a href="http://decisionrecording.oldham.gov.uk/ieDecisionDetails.aspx?ID=3294">http://decisionrecording.oldham.gov.uk/ieDecisionDetails.aspx?ID=3294</a>

<b>Report Author Sign-off:</b>	<b>Date:</b>
Eleanor Sykes	23 <sup>rd</sup> May 2018

Please list any appendices:-

Appendix number or letter	Description
Appendix A	Proposed 2018/19 transport capital programme budget changes
Appendix B	FCERM2 – Application for grant funding Delph New Road
Appendix C	Briefing Note to CIPB – Grasmere Road, Royton – Flood Management Scheme
Appendix D	Briefing Note – Micro Asphalt

## Background:

The Council's Capital Strategy and Capital Programme 2018/19 – 2021/22 was approved by full Council on the 28<sup>th</sup> February 2018. This included Oldham's settlement of Local Transport Plan (LTP) grant funding from the wider Greater Manchester allocation. Oldham's allocations for the next 3 years are set out below:

- 2018/19 £1,973,000
- 2019/20 £1,973,000 (indicative)
- 2020/21 £1,973,000 (indicative)

The 2018/19 programme has a value of £14,642,487 and comprises a number of areas of work and is funded from a variety of different sources. It includes the 2018/19 resource of £1,973,000 from the Local Transport Plan allocation.

The value of the approved programme is currently £35,088,486 as shown in table 1 below.

**Table 1 –Transport Capital Programme (including slippage from 2017/18):**

Sources of Funding	2018-19	2019-20	2020-21	TOTAL
	£	£	£	£
Agreed Council Resources	56,696	0	0	56,696
Challenge Funding	1,411,741	0	0	1,411,741
Cycle City Ambition Grant	3,412	0	0	3,412
Flood Defence- Local Levy Fund	125,666	0	0	125,666
GM – Local Highways Flood Damage Fund	207,145	0	0	207,145
GM Casualty Reduction Fund	42,562	0	0	42,562
Grant in Aid	780,257	0	0	780,257
Greater Manchester Integrated Transport Block Grant	23,199	0	0	23,199
Growth & Housing Fund Grant	69	0	0	69
Growth Deal 3	1,403,755	3,000,000	1,500,000	5,903,755
Local Growth and Reform 2 Grant	78,144	0	0	78,144
LTP Grant	183,819	0	0	183,819
LTP Highway Maintenance Grant	3,754,162	1,973,000	1,973,000	7,700,162
Pru - Investment Fund (2012 - £106m)	1,052,371	0	0	1,052,371
Prudential Borrowing	5,468,481	6,000,000	6,000,000	17,468,481
RCCO B/F	1,308	0	0	1,308
Rcco General Fund	0	0	0	0
S106	49,700	0	0	49,700
<b>Total</b>	<b>14,642,487</b>	<b>10,973,000</b>	<b>9,473,000</b>	<b>35,088,486</b>

## 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 also an increase to the overall 2018/19 transport capital programme of £1,043,000 to reflect:

- Additional funding of £411,000 from the Local Highways Maintenance Incentive Fund as detailed below;
- Additional funding of £402,000 from the Pothole Action Fund as detailed below;
- Additional funding of £49,000 from the Environment Agency's Grant in Aid as detailed below;
- Additional Council Resources of £42,782 that will be met from within the transport capital programme resources, and £6,000 required to match fund Environment Agency Flood Management schemes as detailed below;
- Additional contribution to a Flood Defence scheme of £175,000.

## Proposals:

### Local Highways Maintenance Incentive Fund

In December 2014, the Secretary of State for Transport announced that £6 billion will be made available between 2015/16 and 2020/21 for local highways maintenance capital funding. From this funding, £578 million has been set aside for an Incentive Fund scheme, to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements.

Each local highway authority in England (excluding London) was invited to complete a self-assessment questionnaire, in order to establish the share of the Incentive fund they will be eligible for in 2018/19. Local authorities are not competing with each other for funding, but are demonstrating that efficiency measures are being pursued in order to receive their full share of the funding. Oldham Council retained their Level 3 status and received notification of their Incentive Fund allocation of £411,000 for 2018/19. The approach used to decide which schemes will utilise this funding in 2018/19 has been as follows:

- An full assessment/winter review of the 'worst' 150 unclassified roads across the borough;
- The assessment took into account the following factors and gave them a weighting:
  - Course Visual Inspection (CVI) (3 years old) – 10%;
  - Engineer Appraisal from recent visit (Feb – Apr 2018) – 40%;
  - Complaints – 20%;
  - Defects – 30%.

Therefore, the schemes that are to be delivered are as follows:

Street Name	Ward
Counthill Road (Ripponden Road to Saffron Drive)	Waterhead
Broadgate	Chadderton Central
Milton Street	Royton South
Moreton Street	Chadderton Central
Smallbrook Road (Milnrow Road to St Josephs Close)	Shaw

Constantine Street (Chicane Section Only)	Waterhead
Kew Road	St Marys

### **Pothole Action Fund 2018/19**

In late 2017/18 the Department for Transport (DfT) announced £2.882m of funding for use by GM authorities in 2018/19 from the Pothole Action Fund. The district allocations for this were advised by DfT and Oldham is to receive £269,000.

In addition to the allocation outlined above DfT recently notified GMCA of an additional amount of £1.427m which has been paid to GMCA. Oldham is to receive an additional £133,000.

This report seeks approval to introduce this additional grant funding of £402,000 Pothole Action Fund into the 2018/19 transport capital programme. The way in which schemes will be selected to utilise this funding in 2018/19 is as follows:

- Using the data currently held on the existing condition of the highway network, Unity incorporated the amount of actionable defects, alongside pothole enquiries submitted by the public. Using this method, and weighting both the actionable defects and enquiries equally, we have been able to develop a working priority list from which schemes will be selected;
- This approach will not only remove existing defects, both actionable and those not yet actionable, but also considerably lower the potential for further defects;
- The proposal is to remediate much larger sections (generally >100m<sup>2</sup> and of full carriageway width);
- The above is a departure from the existing patching method as we are targeting much larger areas and will be able to target those defects that are not yet actionable but have been reported;
- We will work with the selected contractor to deliver small packages of work geographically to achieve value for money.

### **Flood Management Programme Update**

In February 2014, Oldham Council submitted an indicative six year programme 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. The scheme was completed with underspend of approximately £17,000 of Council Resources which can now be reallocated elsewhere across the programme where needed.

#### 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 has become apparent that Oldham Council as the Riparian Owner of the embankment where the flooding water emanates from have a duty to manage their surface water and culverted watercourse under Common Law and the Flood and Water Management Act of 2010.

Therefore it has been agreed with the Head of Strategic Assets & Facilities Management that due to the school playing field being the cause of the flooding, the additional contribution required for this scheme (£175,000) should come from the Schools Capital Maintenance budget which currently has reserves to fund this project.

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 included within the grant funding application in September 2017 (see Appendix B). The proposal is to reallocate the £17,218 of unspent Council Resources on Pencil Brook to this scheme. An additional £42,782 of Council Resources will be met from within the overall transport capital programme, funding for which will be made available from the expected rephasing of funding for approved schemes during the year.

Grasmere Road, Royton

An additional scheme is now being progressed under the Flood Management Programme. We have 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 3-4 years. Alongside the Grant in Aid offer there is a commitment of £6,000 each from Oldham Council and United Utilities making the overall budget at this stage £61,000. This commitment was agreed in principle at Capital Investment Programme Board on 26<sup>th</sup> February 2018 (see Appendix C).

**Highways Improvement Programme – Preventative Treatments**

Underspend has been generated within the Highways Improvement Programme through tendering of the thin treatment programme (~£500,000). The proposal is to utilise this to fund an additional preservative treatment programme in 2018/19. Appendix D details the preventative treatment required. A summary of the schemes have been identified below:

Ref	Scheme	Road Class	Treatment	Area (m <sup>2</sup> )
1	A671 Rochdale Road	A	Preservative	24837
2	A62 Oldham Road	A	Preservative	35815
3	A627 Ashton Road	A	Surface Dress	35716
4	Broadway, Royton	A	Preservative	10107
5	A663 Milnrow Road	A	Surface Dress	12274
6	A6052 Dobcross New Road / Delph New Road	A	Preservative	15319
7	Westminster Road & Mersey Road North	UC	Preservative	7517
8	Long Lane	UC	Preservative	7030

Appendix A to this report reflects how a new budget to pay for preventative treatment at the above locations will be funded utilising underspend to be achieved through the micro surfacing tender just awarded.

The above schemes 3 and 5 at A627 Ashton Road and A663 Milnrow Road respectively will be added to schemes already awarded at these locations through the micro surfacing



tender (M0944). All other schemes will be subject to a separate tender exercise, hence an additional new budget being created in Appendix A.

**Conclusions:**

In consultation with

(Relevant Executive Director/Director *J. Howard* Date: 19/06/18)

