



ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY
14th JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2024/25

JOINT REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT
AND THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to:-
 - a) Provide information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it relates to the Environment and Transport Department; and,
 - b) Ask the Committee to consider any issues as part of the consultation process and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2020. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2021/22 – 2024/25 was considered by the Cabinet on 15th December 2020.
3. Due to the impact of Covid-19, levels of capital discretionary funding were no longer affordable and a review of the capital programme was undertaken in September. The programme was reprioritised and updated to reflect for the latest spend profiles and changes in grant funding. This resulted in a reduction in the capital allocation for 2020/21 of £15.16m (19.34%).

Background

4. The MTFS is set out in the report to Cabinet on 15th December 2020, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Environment and Transport Department.
5. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 25th January 2021. The Cabinet will consider the results of the scrutiny process on the 5th February 2021 before recommending an MTFS, including a budget and capital programme for 2021/22, to the County Council on the 17th February 2021.

Proposed Revenue Budget

6. Table 1 below summarises the proposed 2021/22 revenue budget and provisional budgets for the next three years thereafter. The proposed 2021/22 revenue budget is shown in detail in Appendix A – Revenue Budget 2021/22.

Table 1 – Revenue Budget 2021/22 to 2024/25

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Original prior year budget	80,677	81,354	81,444	82,584
Budget transfers and adjustments	2,547	0	0	0
Add proposed growth (Appendix B – Growth and Savings 2021/22 – 2024/25)	-800	1,100	1,750	2,300
Less proposed savings (B)	-1,070	-1,010	-610	-160
Proposed/Provisional budget	81,354	81,444	82,584	84,724

7. Detailed service budgets have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.
8. The central contingency also includes provision for an increase of 1% each year in the employers' pension contribution rate, in line with the requirements of the actuarial assessment.
9. The total proposed expenditure budget for 2021/22 is £128.62m with contributions from grants, service user income, recharges to the capital programme and various other income totalling £47.27m. The proposed net budget for 2021/22 of £81.35m is distributed as shown in Table 2 below:

Table 2 - Net Budget 2021/22

	£000
Development & Growth management	840
H&T Commissioning	2,657
Midland Highways Alliance	10
HS2	414
H & T Network Management	2,050
H & T Operations Management	347
Highways Design & Delivery	11,642
Transport Operations	32,352
E&W Management	419
E&W Policy & Commissioning	2,107
E&W Waste Management Delivery	26,059
Departmental & Business Management	2,456
Total	81,353

Budget Transfers and Adjustments

10. A number of budget transfers (totalling a net increase of £2.5m) were made during the 2020/21 financial year. These transfers include: -

- £1.15m for pay and pension inflation (including the apprenticeship levy) transferred from the central inflation contingency;
- £1.40m for running cost/contract inflation for waste management, street lighting and transport budgets from the central inflation contingency.

11. Growth and savings have been categorised in the appendices under the following classification: -

* item unchanged from previous MTFS

** item included in the previous MTFS, but amendments have been made

No stars - new item

12. This star rating is included in the descriptions set out for growth and savings below.

13. Savings have also been classified as 'Eff' or 'SR' dependent on whether the saving is seen as efficiency or service reduction or a mixture of both. 'Inc' denotes those savings that are funding related and/or generate more income.

GROWTH

14. The overall growth picture for the Department is presented below.

Reference		2021/22	2022/23	2023/24	2024/25
	<u>GROWTH</u>	£000	£000	£000	£000
	<u>ENVIRONMENT & TRANSPORT</u>				
	<u>Highways & Transport</u>				
	Demand & cost increases				
**	G13 Special Educational Needs transport - increased client numbers/costs	2,000	3,200	5,000	7,300
*	G14 Developing external funding bids (temporary growth removed)	-200	-200	-200	-200
*	G15 Highways Maintenance - other initiatives (temporary growth removed)	-3,700	-3,700	-3,700	-3,700
	Total	-1,900	-700	1,100	3,400
	<u>Environment & Waste</u>				
	Demand & cost increases				
**	G16 Waste tonnage increases	1,100	1,000	1,000	1,000
**	G17 Contribution to Regional Waste Project (temporary growth removed)	0	0	-50	-50
	Total	1,100	1,000	950	950
	TOTAL E&T	-800	300	2,050	4,350

15. The removal of one-off growth agreed in previous years in relation to Highway Maintenance and developing external funding bids means that for 2021/22 the budget is effectively reduced by £3.9m. From 2022/23 onwards, growth associated with SEN transport and Waste tonnage can be seen to affect the bottom line from a reduction of £0.80m to an increase of £4.35m by 2024/25. More details on each growth line are provided in the following section.

HIGHWAYS & TRANSPORT

Demand & Cost Increases

G13(**) SEN Transport – Increased client numbers/costs: £2.0m in 2021/22 rising to £7.3m by 2024/25

The cost of Special Educational Needs (SEN) transport continues to increase significantly. The number of pupils requiring transport is projected to increase by 10% annually over the period of the MTFS in line with the anticipated growth of pupils with an Education, Health and Care Plan (as projected by Children's and Family Service). In addition, the daily cost of transport is rising at a rate of 3% annually due to the need to provide transport for those with more complex needs as identified by risk assessments. This includes increased need for solo transport as well as additional support. Any impact arising from the development of additional local SEN provision is unable to be quantified at this point and will be closely monitored particularly if children move from residential provision requiring weekly transport to local provision requiring daily transport. It is unlikely that pupils with complex needs currently in residential provision will move to the new provision which is focused at meeting different needs.

G14(*) Developing External Funding Bids - Temporary one-off growth removal: -£0.2m in 2021/22

One-off growth amounting to £200k was provided in 2020/21 to provide temporary capacity to support the development of external funding bids in respect to both infrastructure growth (i.e. Housing Infrastructure Fund, Local Pinch Point funding) and asset management (i.e. Department for Transport Challenge Fund) alongside complex funding negotiations with developers. This line reflects the growth being removed from the budget.

G15(*) Highways Maintenance - Temporary one-off growth removal: -£3.7m in 2021/22

In 2020/21 one-off growth was provided for enhanced provision which included additional vegetation work; a full width grass cut; speed reduction and road improvements initiatives; other asset improvements such as drainage and signing/lining; and communications totalling £3.7m. This line reflects the growth being removed from the budget. The reduction in budget will mean non-critical requests for drainage, white lining, grass, tree and speed measures not being undertaken with work focussing on safety only repairs.

ENVIRONMENT & WASTE

G16(**) Waste Tonnage – Increase tonnages: £1.1m in 2021/22 reducing to £1.0m by 2022/23

The underlying assumption is for 1% growth in waste tonnages per year which is consistent with historical trends in housing growth and remains unchanged from previous years. A further 3.2% is also required in 2021/22 to address the ongoing impact of the Covid-19 pandemic, specifically the growth in household waste as a result of increased working from home and unemployment due to recession.

G17(**) Contribution to Regional Waste Project – Temporary one-off growth removal: - £0.05m by 2023/24

Growth was provided in 2020/21 and 2021/22 to allow options for the authority's longer-term waste treatment disposal approach to be explored and developed in partnership with nearby authorities in the East Midlands. This growth was temporary and was expected to be removed from the budget in 2022/23. The joint development of a business case for a new regional waste treatment infrastructure has been delayed due to the Covid-19 pandemic, therefore the removal of the growth from the budget needs to be deferred for one year.

SAVINGS

16. The overall savings picture for the Department is presented below.

Reference			2021/22	2022/23	2023/24	2024/25	
			£000	£000	£000	£000	
<u>SAVINGS</u>							
<u>ENVIRONMENT & TRANSPORT</u>							
<u>Highways & Transport</u>							
*	ET1	SR	Revise Passenger Transport Policy - reprofiled	0	-60	-60	-60
**	ET2	Eff/SR	Implement Review of Social Care and SEN Transport (Phase 2)	0	-240	-240	-240
	ET3	Eff	Temporary Traffic Management	-190	-205	-205	-205
	ET4	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf, and removal of vacant posts	-60	-90	-120	-130
	ET5	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	-175	-450	-590	-600
	ET6	Eff	Fleet Review	-35	-35	-35	-35
	ET7	Eff	Winter Salt Procurement	-20	-20	-20	-20
			Total	-480	-1,100	-1,270	-1,290
<u>Environment & Waste</u>							
**	ET8	Eff/Inc	Recycling & Household Waste Sites service approach	0	-30	-80	-190
**	ET9	Inc	Trade Waste income	-30	-60	-90	-120
**	ET10	Eff	Future residual waste strategy- reduced disposal costs	-160	-460	-820	-820
	ET11	Eff	Procurement Savings from contract renewals	-400	-430	-430	-430
			Total	-590	-980	-1,420	-1,560
			TOTAL E&T	-1,070	-2,080	-2,690	-2,850

17. The Department expects to be able to deliver £1.07m savings in 2021/22. This amount is projected to rise to £2.85m by 2024/25 subject to the delivery of a number of reviews and initiatives.

HIGHWAYS & TRANSPORT

* ET1 (SR) Revised Passenger Transport Policy: -£0.06m 2022/23

In 2018 Cabinet agreed a new Passenger Transport Policy and Strategy (PTPS), allowing for a full review of bus services on the commercial network and the consideration of other transport types where services are financially supported by the County Council. A phased approach has been applied to the assessment of bus routes alongside service users' engagement. As a result, bus routes that are no longer

considered to be commercially viable have been cancelled, amended, merged with another similar route, or replaced by a different type of transport such as Demand Responsive Transport. Consideration of school transport alongside the commercial network has also generated some additional savings.

****ET2 (Eff/SR) Implement Review of Social Care and SEN Transport (Phase 2) reprofiled: -£0.24m in 2022/23**

Originally planned for September 2019 implementation of post-16 SEN transport proposals were pushed back a year to accommodate the outcome of the judicial review, that the Council ultimately was successful in defending. An appeal on specific aspects of the judicial review findings has, however, meant the post-16 PTB project has been paused again with a revised date for implementation being September 2021 subject to the outcome of the current claimant's appeal on the JR decision.

ET3 (Eff) Temporary Traffic Management: -£0.19m in 2021/22 rising to -£0.21m in 2022/23

Temporary Traffic Management (TTM) has historically been delivered through a mixed economy of in-house resources and a significant element of external contractor provision. The proposal is to shift the delivery of TTM from being a primarily external provision to an internal provision for 'stop/go' activities, allowing better commissioning of work and reduction in resources to meet needs. Also this project will incorporate sign shop improvements to negate the need for additional contractual costs associated with signs on patching works. To achieve the sign shop savings a new printer and software will be purchased - the savings above are net of these costs.

ET4 (Eff/Inc) Street Lighting – Design services to developers and installation of street lighting on their behalf, and removal of vacant posts: -£0.06m in 2021/22 rising to -£0.13m by 2024/25

Increase income generation by taking an active approach to the sale of design services to developers and the installation of street lighting on their behalf. In addition, internal resources will be rationalised through the removal of vacant posts. Quotes for the provision of design services will be offered as part of the existing s278 process when designs and/or design checks are complete.

ET5 (Eff/Inc) E&T Continuous Improvement Programme – Review of processes and potential income across a range of services: -£0.17m in 2021/22 rising to -£0.60m by 2024/25

Following the Highways Strategic Challenge initiative to identify further saving opportunities and similar works undertaken with Network Management a number of smaller-scale opportunities have been identified to generate savings. These have been captured under the remit of a continuous improvement programme and include:

- Highways recharges
- Highways and Transformation function mapping
- Highways driven inspections
- Highways increased sponsorship
- Business Management digital payments
- Network Management digital parking permits
- Reduce use of postage within Highways

ET6 (Eff) Fleet Review: -£0.04m in 2021/22

An updated approach to managing the LCC Fleet is being developed, considering management of assets across their whole life from determining the need for a vehicle all the way through to disposing of it at end of life. This approach will make best use of the data that we have on vehicles and their use across a number of different services to improve management and compliance.

ET7 (Eff) Winter Salt Procurement: -£0.02m in 2021/22

Highways Delivery has been evaluating the cost of its existing arrangements for purchasing salt. Salt has historically been purchased through a framework. However, the review has concluded that cost savings can be made by changing supplier.

ENVIRONMENT & WASTE

**ET8 (Eff/Inc) Recycling & Household Waste Sites service approach: -£0.03m 2022/23 rising to -£0.19m by 2024/25

Reducing costs through insourcing Whetstone Recycling and Household Waste Site (RHWS) and increasing income from the sale of items for reuse collected at the RHWS. This saving has been reprofiled to account for the impact of Covid-19 pandemic on the service and re-use market.

**ET9 (Inc) Trade Waste Income: -£0.03m 2021/22 rising to -£0.12m by 2024/25

Increased income arising from rates charged for trade waste at Whetstone Transfer Station and the district trade collected waste disposed of through Leicestershire contracts.

**ET10 (Eff) Future Residual Waste Strategy – Reduced disposal costs: -£0.16m 2021/22 rising to -£0.82m by 2023/24

Savings arising from increasing the use of an existing waste treatment facility and the procurement of option(s) for waste treatment, replacing an existing residual waste contract for up to 60,000 tonnes of waste.

ET11 (Eff) Procurement Savings from Contract Renewals: -£0.40m 2021/22 rising to -£0.43m by 2022/23

Waste Management Delivery manage the contracts with various suppliers for waste disposal. The existing contract for disposal of wood waste has been renegotiated by the service, resulting in a £400,000 forecast saving in 2021/22, rising to £430,000 in 2022/23. C.12,000 tonnes of wood waste per annum are processed through the contract with the price per tonne reducing from c.£40 to c.£10 per tonne.

Savings under Development

18. The net impact of growth and savings combined amounts to £4.40m additional requirement by 2024/25, which falls significantly short of the £3.60m departmental savings target for the period. The revised savings target for the Department now currently stands at £8.00m, which represents 10% of the current revenue budget. To bridge this gap there are a number of savings that are currently under development:
19. SEN Transport: An initial review has been undertaken of the processes involved in the delivery of transport for pupils with SEND, including links with the Defining CFS for the Future Programme. Based on this work there is an expectation that savings can be made from more efficient service delivery particularly in relation to use of vehicles, contracts and route optimisation.
20. Alternative Fleet: Currently pupils with SEND that have very complex needs are predominately transported by external taxi operators. The internal fleet which is made up of minibuses generally provides transport to those with less complex needs and for higher capacities. The project was to see if those with complex needs which are high cost contracts could be carried by the internal fleet instead of the external market. This would be achieved by use of alternative fleet profile by adding Multi Purpose Vehicles to the fleet to deliver these contracts. An initial pilot project had started at Oakfield school. Next steps are to revisit the original business case in light of this trial.
21. Low Level Street Lighting Energy Savings: To date the 'dimming and trimming' to further reduce street lighting energy use has only considered the high-level (7 metre plus) street lights and the part-night lit low-level residential street lights. Further savings in carbon dioxide and energy can be achieved by looking at the all-night lit low-level street lights. There are c16,000 low-level street lights in the county (23% of total).
22. Planning - Pre-application Charges and Planning Performance Agreements (PPAs): Work to develop a schedule of planning pre-application charges has been undertaken, and any charges will be considered for implementation in line with any corporate approach to pre-application charges for those applications where LCC is the planning authority. The Department already uses PPAs for bigger housing developments and it is proposed that the use of these agreements could be widened to generate additional income.
23. Further Highway Services Changes: This would include consideration of the case for reduction in the level of urban grass cutting. At present we cut 6 times per season. However, much of this cutting is for aesthetic rather than safety reasons. A change in the public's attitudes for maintenance of natural wildlife habitats and wildflowers offers the potential for the cut frequency to be reduced.
24. Future Waste Transfer Station and Trade Waste Commercial work: LCC operate a Waste Transfer Station (WTS) at Loughborough RHWS. With the insourcing of Whetstone RHWS and WTS planned for 1st April 2021, and the construction of Bardon WTS planned for completion in April 2022 there is an opportunity to look at maximising these assets in terms of opportunities for income generation.
25. Impact of Defra Resources & Waste Strategy: Defra published their national Resources & Waste Strategy in December 2018. Consultations are now taking place on a number of the policy statements and initiatives proposed for implementation from 2023, some of which may have a positive impact in terms of reducing waste tonnages

local authorities have to manage, or increasing income relating to disposing of those materials.

26. E&T Training & Development Board Initiatives: Reviewing the balance between the use of consultants and internal staff, either through new recruitment or skills development. There may also be potential to trade more of our services to generate income or to fund additional posts to support areas where we have single points of failure.

Other Factors influencing MTFS delivery

27. The Department retains exposure to fluctuations in market prices. Fuel prices have a significant impact upon transport operations and on highways operations, market place fluctuations impact significantly on the cost of waste disposal and recycling as well as for the highways operation. In addition to this, the possibility of removing the fuel duty discount for red diesel from April 2022 is currently being considered by central government. This would increase the cost from 11.14p per litre to 57.95p per litre.
28. Government's White Paper "Planning for the future", although designed to simplify the process and enable a boarder application of funding, could impact on the level of developer contributions. At this time it is uncertain what the implications for S106 contributions for improvements will be, but it is anticipated that these could be greatly reduced with a greater burden for funding to be found locally. The County Council has responded to the consultation making these comments.
29. There remains uncertainty on the Government's proposals under the Resources and Waste Strategy. It is expected that it will become a requirement for local authorities to offer weekly food waste collections, offer free collection for green waste and that a tax could be levied on waste incineration. Whilst there is no detail of any timeline for the latter the Government has made its ambition clear to start the changes and other potential impacts arising from the Strategy. There will be ongoing consultation and engagement.
30. Covid-19 has created significant uncertainty and financial pressures in the bus market and the future direction of the industry is currently unknown. This could have major financial implications for local bus service provision within the County Council if previously commercially funded bus routes cease. There could be a negative impact on rural bus services if limited resources have to be focused on providing services on major, previously commercial, routes with higher patronages.
31. The single year spending review provides added uncertainty concerning longer term investments including future years' capital programme allocations from the Department for Transport (DfT), which in turn could have a knock-on impact on the fees recovered from a revenue perspective.

Other Funding Sources

32. For 2021/22, a number of additional funding sources are expected and allowed for within the budget outlined in Appendix A – Revenue Budget 2021/22. These funding

sources include external grants and other contributions from external agencies towards the cost of schemes delivered by the Department. The key ones include:-

- Section 38, 184 and 278 agreements – £2.48m income from developers relating to fees for staff time, mostly around design checks for these agreements;
- Capital fee income - £7.48m for staff time charged in delivering the capital programme. Should elements of the capital programme not be delivered as planned this could have an impact on the amount of staff time recovered. However, the use of agency and temporary staff resource does give some scope for varying staff levels in order to minimise the risk of this resulting in overspending in staffing cost centres;
- Fees and charges/External works charges to other bodies (works for other authorities, enforcement of road space booking, permit scheme and network management, fleet services, trade waste income and income from charging at RHWS) - £6.76m;
- Capital substitution - £1.46m of central funding is provided in exchange for a corresponding reduction to capital resources to enable savings in previous years to be made on capital expenditure rather than impacting on revenue;
- Driver Education workshop - £1.72m of fee income collected for the Road Safety Partnership from drivers taking speed awareness and similar courses. This income is returned to the partnership net of the cost of operating the courses;
- Joint arrangement income - £10.22m from Leicester City Council primarily to cover the costs and the management of the City Council's concessionary travel provision plus other areas of joint transport arrangements in relation to local bus services, SEN and mainstream school transport. Figure includes £10.03m direct reimbursement of costs plus £0.17m contribution to the County Council to administer the joint arrangement;
- Civil parking enforcement income - £1.19m which covers penalty charge notices (PCNs) for on-street parking and income from the Districts to cover the cost of processing off-street PCNs on their behalf;
- Vehicle workshop internal recharge - £1.41m, to ensure vehicle use is recharged back to the capital programme where appropriate;
- Other small specific grants (such as Bus Service Operators Grant and Extended Rights to Free Home to School Travel) - £1.78m;
- Income from the sale of recyclable materials - £0.99m;
- Leicester, Leicestershire, Rutland road safety partnership - £0.28m returns and a drawdown from reserve to fund safety schemes; and,
- Leicester and Leicestershire integrated transport model - £2.65m funding provided for the modelling team.

Capital Programme

33. The draft capital programme is summarised in Table 3 and the detailed programme is set out in Appendix C. The capital programme is funded by a combination of the Local Transport Plan (LTP) grant, discretionary funding and other external and internal sources.

Table 3 – Summary Draft Capital Programme 2021/22 to 2024/25

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Major Schemes	24,575	60,841	30,387	4,762	120,565
Transport Asset Management	22,401	15,751	14,307	17,811	70,270
Environment and Waste	11,320	2,380	232	1,160	15,092
Total	58,296	78,972	44,926	23,733	205,927

HIGHWAYS & TRANSPORTATION

34. The programme in 2021/22 includes £120.57m to deliver major infrastructure schemes including;
- Melton Mowbray Distributor Road - £56.58m for the North and East sections (total scheme costs £63.5m), and £27.4m for the southern section (total scheme costs £27.9m);
 - Zouch Bridge - £10.35m to complete the bridge replacement (total scheme cost £12.43m);
 - M1 Junction 23 / A 512 Improvements - £0.36m (total scheme cost £24.87m);
 - County Council Vehicle Replacement programme - £8.10m;
 - Advanced design programmes £9.39m.

ENVIRONMENT & WASTE

35. The 2021/22–2024/25 capital programme for Environment & Waste amounts to £15.09m, details of which are shown in Table 4 **Error! Reference source not found..**

Table 4 – Environment & Waste Capital Programme

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
RHWS – general improvements	254	210	232	1,160	1,856
Kibworth Site Redevelopment	3,634	1,000	0	0	4,634
Waste Transfer Station Development	6,962	1,000	0	0	7,962
RHWS Works	300	0	0	0	300
Mobile Plant	170	170	0	0	340
Total Environment and Waste	11,320	2,380	232	1,160	15,092

36. The significant elements of the programme are:
- The development of the waste transfer station at Bardon.

- The redevelopment of the existing Kibworth RHWS which will be redeveloped into a modern RHWS that offers a better customer experience, whilst improving the health and safety of the site for visitors and staff and ensuring ongoing compliance with its environmental permit.

Table 5 – Environment and Transportation Capital Funding

	2021/22	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000	£000
Grant - Local Transport Plan (LTP) - <i>Integrated transport element</i>	2,728	2,728	2,728	2,728	10,912
Grant – Local Transport Plan (LTP) - Total needs/formula allocation	11,442	11,442	11,442	11,442	45,768
TIIF -Grants - DfT Pothole Funding	7,826	7,826	7,826	7,826	31,304
Grants - Housing infrastructure fund (HIF)	4,000	9,200	0	0	13,200
NPIF funding	1,662	0	0	0	1,662
Grants – Single Local Growth Fund (via the LLEP)	2,219	0	0	0	2,219
Grants - Melton Mowbray Distributor Road DfT Funding	5,828	36,240	794	0	42,862
Revenue and Earmarked Funds	175	135	0	0	310
Capital substitution	-1,457	-1,457	-1,457	-1,457	-5,828
Corporate Funding (capital receipts and revenue)	23,873	12,858	23,593	3,194	63,518
Total Highways & Transportation	58,296	78,972	44,926	23,733	205,927

37. At the time of writing the Government has yet to confirm the LTP allocation for 2021/22 and the pothole funding for any future years so these figures above are still provisional. The LTP funding from DfT comprises two elements:-

- Integrated Transport Schemes – funding of £2.73m has been assumed each year from 2021/22 to 2024/25. This funding will be used as match funding for grant bids into the Single Local Growth Fund via the Leicester and Leicestershire Enterprise Partnership and the National Productivity Investment Fund as well as other future potential funding opportunities. This resource will also be used to fund advanced design and feasibility studies to ensure outline business cases are available to support any such bids;
- Maintenance — LTP Maintenance funding of £11.44m is assumed each year for the basic needs-based allocation;

38. At the time of writing this report it has been assumed that the governmental incentive level funding for capital maintenance activity on highways assets has been removed

and replaced by an increase in pothole grant funding. The incentive level funding was dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment. The full amount available each year was previously £2.38m if Level 3 is achieved and only achieving Level 2 would provide only £715k. The Council's most recent self-assessment is at Level 3.

39. Funding for improvement schemes, including those within the Prospectus for Growth, is limited to funding that can be secured from the various Government funding streams for infrastructure mentioned in the previous section. Some provision (around £9.39m over the MTFs) exists for advance design/match funding. However, increased levels of capital funding are being channelled through bidding processes. This has an impact in two ways. Significant amounts of staff time are required in submitting bids (including options modelling, developing business cases, liaising with Central Government, Midlands Connect and/or LLEP) which may be wasted if bids are unsuccessful. The costs of compiling and submitting a bid are significant and may not result in funding being awarded.
40. Schemes for which external funding has already been secured include:-
- M1 J23 (Single Local Growth Fund 3 & Growth and Housing Fund);
 - Hinckley Junctions (National Productivity Infrastructure Fund); and,
 - Melton Mowbray Eastern Distributor Road (Local Majors Fund).
 - Melton Mowbray Southern Distributor Road (Housing Infrastructure Fund)
41. The main risk to delivery of the capital programme, other than securing appropriate levels of funding, is in terms of delivery timescales. Government funding streams can often mean delivering to a time frame that is difficult to achieve. This can then lead to knock on pressures for the Department delivering its own programme as resources for scheme design, programme planning, and to an extent, delivery on the ground need to be diverted, and resources cannot always be secured externally.
42. Often this can be compounded by other pressures. Adverse weather conditions can play a part, especially for certain maintenance activities (such as surface dressing and flood alleviation works). Also, for some of the larger schemes, legal issues may need resolving around for example, compulsory purchase orders.

Capital Programme – Future Developments

43. Where capital projects are not yet fully developed, or plans agreed these have been included under the heading of 'Future Developments' under the Department's programme in Appendix C. It is intended that as these schemes are developed, and where there is a financial justification, or an investment required to maintain delivery of the service, they are added into the capital programme. These include:-
- Lutterworth Spine Road
 - New Melton RHWS
 - Windrow Composting Facility
 - Environment and Waste equipment
44. The updated Strategic Plan and Environment Strategy was considered in early 2020. Alongside the updating of the Environment Strategy, work has begun to produce a

roadmap which will set out how the Council will meet its carbon neutral commitments. The Cabinet approved an initial budget of £450,000 to facilitate the review of the Environment Strategy and the development of the roadmap and to take immediate action to implement measures to reduce carbon emissions. The future development fund includes some provision for this work.

Background Papers

Report to Cabinet 15 December 2020 – [Medium Term Financial Strategy 2021/22 to 2024/25](#)

Circulation under Local Issues Alert Procedure

None.

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List of Appendices

Appendix A – Revenue Budget 2021/22

Appendix B – Growth and Savings 2021/22 – 2024/25

Appendix C – Capital Programme 2021/22 – 2024/25

Equality and Human Rights implications

38. Public authorities are required by law to have due regard to the need to:-

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between people who share protected characteristics and those who do not; and,
- Foster good relations between people who share protected characteristics and those who do not.

39. Many aspects of the County Council's MTFS may affect service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.
40. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the action plan.

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