

Environment, Communities and Fire Select Committee
13 March 2019
Highway and Transport Improvement Schemes
Report by Executive Director Economy, Infrastructure and Environment and Director of Highways and Transport

Summary

There is a need to develop and maintain programmes of highway and transport improvement schemes, looking ahead over the next five years on an annual rolling basis. This enables the County Council to bid for external funding e.g. Local Growth Fund, Government 'challenge' funds and well as enabling it to secure s106 developer contributions and bid for Community Infrastructure Levy (CIL) for priority schemes. Forward-looking infrastructure programmes also enable the County Council to prepare the Annual Delivery Programme (ADP) for the design and construction of such improvements, alongside maintenance schemes.

This report addresses the identification, assessment, prioritisation, and funding of schemes either through the Strategic Transport Investment Programme (STIP) or the Local Transport Investment Programme (LTIP) or as Community Highway Schemes (CHS). In particular, it considers the role of Members in such processes and the use of developer contributions.

The report also covers the assessment and delivery of improvement schemes from conception to construction using stages and gateways in accordance with project management principles. It then identifies a number of key issues, including current process improvements and suggested new improvements.

Subject to the outcome of the discussion at the meeting, it is suggested that an update report is brought back to the Select Committee in spring 2020.

The focus for scrutiny

It is suggested that Members consider the key issues identified in Section 7 of this report, note the improvements that are being made to the various processes, and give their views on the new improvements suggested by officers.

Proposal

1. Background and Context

- 1.1 There is a need to develop and maintain programmes of highway and transport improvement schemes, looking ahead over the next five years on an annual rolling basis. This enables the County Council to bid for external funding e.g. Local Growth Fund, Government 'challenge' funds and well as enabling it to secure s106 developer contributions and bid for Community Infrastructure Levy (CIL) for priority schemes. Forward-looking infrastructure programmes also enable the County Council to prepare the Annual Delivery Programme (ADP) for the design and construction of such improvements, alongside maintenance schemes.
- 1.2 This report addresses the identification, assessment, prioritisation, and funding of schemes either through the Strategic Transport Investment Programme (STIP) or the Local Transport Investment Programme (LTIP) or as Community Highway Schemes (CHS). In particular, it considers the role of Members in such processes and the use of developer contributions.
- 1.3 The report also covers the assessment and delivery of improvement schemes from conception to construction using stages and gateways in accordance with project management principles (see Section 6). It then identifies a number of key issues (see Section 7), including current process improvements and suggested new improvements.

2. Strategic Transport Investment Programme (STIP)

- 2.1 The Strategic Transport Investment Programme (STIP) was established in July 2013 to facilitate the identification, prioritisation, development, and implementation of strategic highway and other transport schemes. Such schemes are important strategically, i.e. either they are important at a county-wide/'larger than local' level or they are necessary to support future development of an area. These schemes, usually costing £1m+, include: major highway improvements, such as bypasses; area-wide (usually town-based) sustainable transport packages; public transport interchange and bus route access and improvements; junction improvements; National Cycle Network improvements; and provision of new cycle and pedestrian links.
- 2.2 A range of potential schemes, usually at the pre-feasibility stage at Stage 1 (see Section 6), are identified through technical work to support the preparation of Local Plans and consultation with local Members and key stakeholders. As such, the limited number of priorities identified in the STIP typically support economic drivers, such as the delivery of new homes and jobs linked to strategic housing sites.
- 2.3 The prioritisation methodology is based on the Department for Transport's appraisal methodology and provides a sound, objective approach by assessing schemes against six key criteria: scheme-related economic benefits; wider economic benefits; socio-distributional impacts; environmental impacts; feasibility and deliverability; and policy support.
- 2.4 Schemes identified as priorities in the STIP are generally taken forward through feasibility studies at Stage 2 (see Section 6). Once feasibility studies are complete (i.e. post-Gateway 1), any feasible schemes can be prioritised and programmed for delivery as funding becomes available, including capital funding, developer contributions, and Government funds. This work is

needed to inform decisions about the scope of schemes to be taken forward to design stage and preparation of business cases.

- 2.5 To ensure the County Council is in a strong position to leverage maximum funds and economic benefit from these funding opportunities, there is a need to continue developing a pipeline of feasible schemes that will help to deliver economic growth ready for delivery as opportunities arise. Therefore, the STIP is reviewed and rolled-forward on an annual/bi-annual basis through a Cabinet Member key decision.

3. Local Transport Investment Programme (LTIP)

- 3.1 Each year the County Council develops and implements smaller-scale transport improvements (under £1m) that are primarily aimed at achieving the corporate policy and strategy objectives defined in West Sussex Transport Plan 2011–2026 and associated strategy documents.
- 3.2 The Local Transport Investment Programme (LTIP) was established in 2017 to ensure that there is a consistent approach to the identification, assessment, prioritisation, development, and implementation of local improvements, include cycling and walking schemes, safer routes to school and school safety zone schemes, local junction improvements, Public Rights of Way schemes, safety schemes, and bus priority schemes.
- 3.3 Potential improvements (at the pre-feasibility stage) are derived from a number of sources: schemes identified in the Strategic Infrastructure Packages (SIP - that address the impact of the development proposed in local plans), other 'top-down' schemes identified by officers (primarily via technical assessments), and 'bottom-up' schemes identified by local communities and interest groups. It should be noted that some highway schemes identified in s106 legal agreements are fully or part-funded by developers and the County Council has a legal obligation to deliver them.
- 3.4 Following identification, a technical assessment is then carried out by officers to ensure that each scheme has technical merit and to determine the extent to which it would contribute to the delivery of corporate aims and objectives e.g. reducing road accidents or promoting sustainable travel. Priority schemes that have both technical merit and would make an important contribution to the delivery of corporate aims and objectives will be taken forward for delivery through the ADP (i.e. post-Gateway 1 - see Section 6).
- 3.5 The agreed prioritisation methodology, discussed and noted by Select Committee in July 2017, considers nine criteria that can be individually weighted. The criteria are: project feasibility; economic impact; road safety impact; impact on ease of movement; impact on operational performance; stakeholder support; environmental impact; deliverability (including funding); and accordance with corporate aims and objectives.
- 3.6 The original intention was to inform Members about the outputs of the LTIP process via MIS in July each year. Although Members were advised about priority schemes in their divisions, a general communication did not happen during 2018 (the first year of LTIP operation). This is because officers underestimated the level of work needed to create the programme and they

were not in a position to provide a full list until late 2018. This was largely a first year problem where many more schemes were identified than expected.

- 3.7 Funding for local improvements may include the Integrated Transport Block (ITB) received annually from the Government, other external funds (e.g. Department for Transport 'challenge' funds' and Local Growth Fund), and developer contributions.

4. Community Highway Schemes (CHS)

- 4.1 A new prioritisation process for Community Highway Schemes (community-led highway improvement schemes) was established in 2016. Typically the type of improvement works include; pedestrian crossings, cycling facilities, new footways, school safety measures, traffic management and town/village enhancements, option appraisal studies and Traffic Regulation Order based solutions such as speed reduction and parking protection.
- 4.2 This process is a 'prioritised approach' where requests from the community are assessed against a scoring matrix. The Area Highway Managers undertake an initial scoring of schemes in their areas, provided that they are supported by the relevant local member. Schemes scoring above a pre-determined threshold are then taken to a formal moderation panel of senior officers to ensure consistency, feasibility, and consideration of wider contextual issues.
- 4.3 Following moderation, the high priority schemes are then taken forward (post-Gateway 1) for delivery through the ADP subject to the availability of funding, which includes the ITB and developer contributions. The County Local Committees (CLC) are informed in autumn each year about the outcome of the scoring and moderation process and the priority schemes that are being taken forward for delivery.
- 4.4 A review of the CHS process was undertaken in 2017 and reported to the Environmental and Community Services Select Committee on 15 November 2017. The review concluded that the new process had significantly increased transparency and that it was logical and relatively comprehensible. However, it also identified the need for some improvements relating to the online form and guidance and the need for clarity around potential delivery mechanisms, e.g. where community schemes were taken forward for delivery through the LTIP.
- 4.5 In response to the Committee's recommendations, the Cabinet Member for Highways and Infrastructure responded that the Area Highway Managers will feedback to Members once the initial scoring has been undertaken and, as necessary, inform them of the agreed reasons for rejection of any schemes and the potential way forward. He also agreed that emergency vehicle access would be included as a criterion on the scoresheet and that officers will investigate enhancing the current information available on the website.

5. Developer Contributions

- 5.1 The corporate Developer Contributions Policy, approved in May 2016, outlines the general approach that will be taken by the County Council

towards the securing and use of developer contributions (through s106 Legal Agreements and the Community Infrastructure Levy). The Policy is supported by service-specific schedules that provide details about the identification and prioritisation of schemes, the calculation and securing of s106 contributions, the Community Infrastructure Levy (CIL) process, and the allocation and release of received funds.

- 5.2 Where appropriate, the policy and the process schedules identify the senior responsible officer (SRO) for each stage and relevant governance arrangements, including scrutiny and approval.
- 5.3 A separate protocol on the use of developer contributions by third parties for highway and transport schemes was approved in May 2018. The protocol puts in place a clear and transparent process that provides certainty to applicants about the County Council's position on such matters and also its requirements.

S106 Legal Agreements

- 5.4 The County Council has a legal duty to deliver highway and transport improvements where financial contributions have been secured through s106 agreements, although it should be noted that some local planning authorities retain such contributions to directly deliver suitable highway schemes. The use of a contribution has to accord with the use and locational requirements specified in the agreement and most contributions 'expire' within 10 years of receipt.
- 5.5 Some older contributions, secured using the TAD (Total Access Demand) calculator, are general in nature, for example, to improve sustainable transport links in a specific town or village. Therefore, there is a degree of flexibility about how such contributions should be used. However, other older contributions are for specific improvements.
- 5.6 Following legislative change in November 2014, general contributions can no longer be secured for highway and transport improvements and, therefore, specific schemes must be identified in s106 agreements. As the nature and cost of such schemes is prescribed in an agreement, there is no discretion about how the funds can be spent. Where possible, contributions will be secured toward priority schemes identified through the STIP and LTIP processes.
- 5.7 Where appropriate, general s106 contributions are allocated to the delivery of STIP priorities and, if there are no strategic priorities, they are allocated to the delivery of suitable schemes identified through the LTIP as priorities. If there is no 'top-down' need to use S106 contributions for priority STIP and LTIP schemes, contributions can be used for Community Highway Schemes.

Community Infrastructure Levy (CIL)

- 5.8 In West Sussex, the district and borough councils, and the South Downs National Park Authority are the 'CIL Charging Authorities', which set and collect the Levy, and decide how it should be spent. It should be noted that the County Council has no formal role in the CIL process and that governance

arrangements are determined by the CIL Charging Authority. It should also be noted that CIL has yet to be adopted in Adur, Arun, and Mid Sussex Districts.

- 5.9 To inform the preparation of local plans and supporting documents, the County Council prepares 'Strategic Infrastructure Packages' (SIP) that identify major schemes needed to support the delivery of the development over the plan period. Such schemes are likely to include priorities that have already been identified through the STIP and LTIP processes, together with new schemes that are identified through the plan-making process.
- 5.10 Most CIL Charging Authorities prepare Infrastructure Business Plans (IBP - or similar) identifying their priorities for spending CIL and S106 over next five years. The County Council has to bid for priority schemes to be included in the IBP and then, when appropriate, to bid for CIL funds to be allocated towards any schemes in the IBP. Therefore, there are no guarantees that CIL funds will be allocated by the CIL Charging Authorities to highway and transport improvements and, therefore, this needs to be taken into account when the deliverability of schemes is being assessed.

Proposed Changes to Legislation

- 5.11 The Government recently consulted on potential changes to developer contribution processes. Most of the regulation changes are of relevance to the CIL Charging Authorities. However, the proposed removal of pooling restrictions (that currently mean that a maximum of five s106 contributions can be used towards a single scheme), would be welcomed. Other changes to CIL processes, including the ability to use s106 and CIL towards the same scheme, would also provide greater flexibility and directly benefit the delivery of County Council infrastructure.

6. Assessment and Delivery of Improvement Schemes

- 6.1 The assessment and delivery of highway and transport improvements follows project management principles, with the approach taken for each scheme adjusted, as necessary, based on its scale and complexity (for example, some stages are combined for smaller schemes). In general, the process is as follows:
- Stage 1: Pre-feasibility – initial assessment of the technical merits of a potential scheme.
 - Stage 2: Feasibility – technical assessment of options and the selection of a preferred option (Gateway 1 on completion).
 - Stage 3: Preliminary design & consultation (Gateway 2 on completion).
 - Stage 4: Business case preparation and appraisal.
 - Stage 5: Detailed design (Gateway 3 on completion).
 - Stage 6: Construction.
- 6.2 The timing of each stage depends upon the availability of staff resources and suitable funding. Stage 1 and 2 are funded through revenue whereas Stages 3-6 are dependent on the availability of capital funding. Furthermore,

schemes that are funded using s106 contributions cannot be assessed or programmed for delivery until such funds have been received, unless the County Council agrees to 'forward fund' developer contributions. Forward funding of developer contributions only takes place in a small number of, typically major, projects where the contributions are secured in legal agreements and there is sufficient confidence that they will be received.

- 6.3 The Annual Delivery Programme (ADP) identifies capital transport improvement schemes (and maintenance schemes) planned for delivery during the coming financial year (i.e. Stage 3 onwards). It also includes the assessment, planning, and design of schemes anticipated for delivery in future years. Accordingly, the indicative forward programmes for the LTIP and CHS inform the preparation of the ADP, which provides transparency about funding and priorities for delivery. Future years will see the publication of an indicative three-five year rolling programme, providing further forward transparency.
- 6.4 The ADP is circulated to CLCs and stakeholders, including the district and borough councils, for their information in winter each year following budget setting. It is also published on the West Sussex Highways webpages.
- 6.5 The Director of Highways and Transport has delegated authority to adjust the ADP to take account of budgetary pressures and any changes in priority arising as a result of network availability, emergencies, or other operational circumstances, in consultation with the Cabinet Member for Highways and Infrastructure and, where appropriate, local Members.

7. Key Issues and Process Improvements

- 7.1 The following section addresses a number of key issues with regard to the processes identified above. It also identifies improvements that are being made to those processes and, where appropriate, it suggests new improvements that should be taken forward.

Development Schemes

- 7.2 As noted above, there is a duty on the County Council to deliver schemes identified in s106 agreements. Some issues have arisen recently where schemes cannot be delivered as originally conceived when the agreements were signed. In some cases, following the receipt of the s106 contributions, the estimated cost of schemes has proven to be been inaccurate when work on feasibility is undertaken or the scope of schemes has changed following further technical work and engagement with local stakeholders.
- 7.3 Therefore, officers are ensuring that the specific schemes identified in s106 agreements, which are part or fully-funded by developers, are feasible, deliverable and properly costed. In addition, the preparation of forward-looking programmes of priority schemes that have been appraised through the STIP and LTIP prioritisation processes, will also help to address this issue.

Prioritisation of Schemes

- 7.4 The LTIP and CHS assessment and prioritisation processes have been in place for a number of years and officers have identified the need for some changes to standardise the approaches taken to such matters. Accordingly, officers are proposing that the separate scoring mechanisms are combined in an expanded version of the existing CHS priority assessment scorecard methodology.
- 7.5 Any scheme that is taken forward for delivery, regardless of whether it has been identified by officers, Members, partners or the community, should have technical merit and contribute to the delivery of corporate aims and objectives.
- 7.6 It is acknowledged that some types of community schemes may be relatively minor when assessed on their own merits and that they are always likely to fall 'below the line' when such schemes are being prioritised. This includes small-scale verge hardening or parking proposals, or minor traffic management schemes in locations where there are no, or very limited, records of crashes and personal injury.
- 7.7 Therefore, it is suggested that consideration should be given to the creation of one-off thematic programmes to deliver small-scale improvements across the County. 'If and when' such programmes are created (following approval by the Cabinet Member for Highways and Infrastructure), they could be funded through a top-slice of the ITB and managed in the same way as Operation Watershed schemes.

Co-ordination of Programmes

- 7.8 Given that potential schemes may be identified through a number of sources, including from communities, through technical studies, and through working with partners, there is a need to ensure that such schemes are taken forward through the most appropriate programme (STIP, LTIP, or CHS) and they are complementary. In some cases, opportunities may be identified to combine or extend schemes to achieve efficiencies or to change the timing of delivery, for example, to ensure that improvement and maintenance programmes are not in competition. There is also a need to ensure that competing demands for financial resources, including the use of unallocated s106 contributions, are managed to ensure that they are allocated to the most suitable project.
- 7.9 Therefore, it is suggested that quarterly co-ordination meetings are arranged and led by the Area Highway Managers to consider schemes within their areas. The meetings should involve officers working on the STIP, LTIP, and CHS programmes, together with officers responsible for the management of developer contributions and the preparation of the ADP.
- 7.10 The Area Highway Managers will be responsible for keeping local Members informed about the outcomes of the meetings and, where appropriate, seeking the views of local Members about competing priorities and, potentially, the use of allocated s106 contributions.

Transparency of Decision-Making

- 7.11 The priorities identified through the STIP process are subject to a Cabinet Member key decision and, therefore, there is transparency about decision-making with regard to strategic schemes.
- 7.12 The CLCs are informed about the outcomes of the CHS prioritisation process and, following the recommendations of the Select Committee in November 2017 (see paragraph 4.4/4.5), local Members are now better informed about the assessment of community highway schemes and the reasons why they might not have been taken forward. Following a thorough review of the website, officers are producing simplified guidance with indicative costings, more guidance on completing the application forms, and case studies of successful schemes.
- 7.13 Although Members are kept individually informed about specific LTIP schemes in their division, there is a need for greater transparency about LTIP processes. This includes ensuring that local Members are kept informed about the progression of potential schemes and the outcome of decision-making, including where schemes are not identified as priorities. Given the proposal to use a single, combined prioritisation process for LTIP and CHS, it is also proposed that Members should be given information about LTIP schemes in the same ways as for the CHS process (as described in paragraph 7.12).
- 7.14 It is also proposed, as far as possible, to align the timetables for prioritisation and decision-making processes, taking account of the corporate business planning and budget cycle. Therefore, in broad terms, the annual timetable will be as follows:
- identification and assessment of potential schemes in winter;
 - prioritisation in spring;
 - any formal governance (for example, for the STIP key decision) will take place in summer;
 - all Members to be informed, via the MIS, in autumn about the outcomes of the STIP, LTIP and CHS decision-making processes; and
 - (as at present) the outcomes of the CHS process to also be reported to the CLCs in autumn.
- 7.15 The prioritisation of schemes informs budget setting in the autumn and the preparation of the ADP. Therefore, the outcomes of that process will continue to be reported to Members (and others) in the winter of each year.

Change Control

- 7.16 There is a need to have appropriate change management processes in place where the scope and/or cost of a priority scheme changes when it is taken forward for delivery. This may be because the original scope and/or estimate was incorrect or where there are opportunities to achieve efficiencies by combining schemes or to achieve greater benefits by extending or enlarging the scope of a scheme.
- 7.17 All changes will be controlled through existing programme and project management procedures and through corporate capital governance.

However, there is a need to address the role that local Members should play in decision-making before substantive changes are made to a scheme and for greater transparency once decisions have been made. Therefore, the views of affected Members will be sought prior to any substantive changes being made through agreed processes. Typically, this would include a change in delivery timescales, a 10% or greater change in scheme cost, changes to funding mechanisms, or a change of scope or intended outcome.

Allocation of Funding

- 7.18 There are competing demands for financial resources for improvement schemes. Some resources, such as s106 contributions and Government challenge funds, can only be used for specific types of schemes in defined areas. There are also some 'givens', for example, the need to fund the delivery of specific schemes named in s106 agreements and priority schemes agreed with Government and key partners. This would include schemes allocated in local plans and other schemes identified in the County Council's Strategic Infrastructure Packages (see paragraph 5.9) and through the local planning authorities' infrastructure business planning processes (see paragraph 5.10).
- 7.19 Other resources, such as the ITB and the County Council's own capital funding, can be used more flexibly for the delivery of agreed priorities. However, at present, there is no mechanism for determining and agreeing the relative importance of competing strategic, local, and community priorities and, as a consequence, how general funding for highways and transport improvements should be distributed.
- 7.20 Therefore, it is suggested that there should be a more transparent process with regard to annual decision-making about the allocation of funding to the various workstreams and that this should be communicated to all Members. As suggested in paragraph 7.7, this could include the allocation of 'top-sliced' funding towards one-off thematic programmes delivering small schemes across the County.

8. Resources

- 8.1 The process improvements identified in Section 7 of this report will be undertaken using existing staff resources.
- 8.2 The Capital Programme 2019/20 to 2023/24 was approved by Full Council in February 2019. This includes a pipeline allocation of £14.777m per year for five years for the ADP, which is subject to an annual key decision by the Cabinet Member for Highways and Infrastructure.

2019/20	2020/21	2021/22	2022/23	2023/24	Total
£ m	£ m	£ m	£ m	£ m	£ m
14.777	14.777	14.777	14.777	14.777	73.885

- 8.3 The ADP identifies capital transport improvement schemes (and highways infrastructure maintenance) planned for delivery during the coming financial year. It also includes the assessment, planning, and design of schemes

anticipated for delivery in future years. Accordingly, once indicative forward programmes for the LTIP and CHS have been identified, they would in part inform the preparation of the ADP.

- 8.4 There is currently no allocation in the Capital Programme for the STIP priorities. Schemes identified as priorities and feasible in the STIP could be prioritised and programmed for delivery in accordance with corporate capital governance in the event of future funding opportunities becoming available, including corporate funding, developer contributions, and Government funds.

Factors taken into account

9. Issues for consideration by the Select Committee

- 9.1 It is suggested that Members consider the key issues identified in Section 7 of this report, note the improvements that are being made to the various processes, and give their views on the new improvements suggested by officers.
- 9.2 Subject to the outcome of the discussion at the meeting, it is suggested that a report is brought back to the Select Committee in spring 2020 to update Members on the progress that has been made in improving the various processes.

10. Consultation

- 10.1 Discussions about the key matters and issues have taken place with officers and Cabinet Member for Environment and the Cabinet Member for Highway and Infrastructure.

11. Risk Management Implications

- 11.1 There are a number of risks associated with the various processes identified in this report, which are addressed through existing programme and project management governance and through corporate capital governance. Some of the suggested process improvements identified in Section 7 of this report, seek to further reduce or minimise risks associated with the management of the various interrelated processes, for example, the co-ordination of the workstreams (to ensure that abortive work is not undertaken).

12. Other Options Considered

This report identifies a number of suggested improvements to various processes relating to the identification, assessment, prioritisation, funding, and delivery of highway and transport improvement schemes. Given the number of processes involved, there are many other approaches that could be taken. However, it is considered that the suggested improvements identified in Section 7 of this report, most appropriately address the substantive issues with such processes.

13. Equality Duty

Not applicable.

14. Social Value

Not applicable.

15. Crime and Disorder Implications

Not applicable.

12. Human Rights Implications

Not applicable.

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Appendices

None.

Background Papers

None.