

**NEW PROCESSES FOR LOCAL HIGHWAY IMPROVEMENTS & PRIVATELY FUNDED  
HIGHWAY IMPROVEMENTS**

**To:** Highways and Community Infrastructure Committee

**Meeting Date:** 11<sup>th</sup> July 2017

**From:** Executive Director for Economy, Transport and  
Environment

**Electoral division(s):** ALL

**Forward Plan ref:** 2017/032      **Key decision:** Yes

**Purpose:** To consider the introduction of new processes that enable the recovery of all costs associated with the Local Highways Improvement (LHI) Initiative and Privately Funded Highways Improvements (PFHI), to achieve agreed savings targets.

**Recommendation:**

- a) To approve the introduction of a non-refundable application fee for LHI and PFHI applications to enable appropriate resourcing and full cost recovery throughout the application phase.
- b) To approve the introduction of the LHI & PFHI processes outlined in appendix A & C of this report, which include the recovery of resource costs associated with scheme delivery.
- c) To approve changes to the restriction on multiple LHI applications from Town Councils, allowing the same number as there are County Council divisions in their authority area.

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## **1. BACKGROUND**

- 1.1 As part of the Council's approved 2017-18 Business Plan (ref.BR.6.213), a position of full cost recovery for both LHI and PFHI schemes is sought, with a savings target of £100k in each of 2017/18 and 2018/19.
- 1.2 Until recently, the considerable amount of time spent by officers administering and delivering the LHI Initiative has not been attributed to the LHI budget. The remainder of the capital programme delivered by the Highway Projects & Road Safety team has had these costs attributed to it.
- 1.3 LHI schemes have therefore effectively been subsidised over and above the Council's capital contribution to each scheme, estimated to be in the region of £200k per annum.
- 1.4 This Committee agreed a £100k top slice of the LHI budget to contribute to these costs at its meeting on 14<sup>th</sup> March 2017, whilst these proposals for a more transparent method for the full recovery of actual costs were worked up.
- 1.5 The Council currently also offers a service to third parties to facilitate the implementation of 100% PFHI, for which a fixed fee of 20% of the construction cost is applied, in order to recover a proportion of the associated resource costs. A move to full recovery of costs is therefore also proposed to contribute to business plan savings targets.
- 1.6 A similar cost recovery model is therefore proposed for both the LHI and PFHI processes, to align the activities required for the delivery of locally led highway improvements.

## **2.0 PROPOSAL**

- 2.1 A revised more financially sustainable process is proposed that recovers all costs associated with the LHI initiative and guarantees a consistent and timely standard of delivery, whilst providing greater quality assurance and transparency of costs.
- 2.2 Ensuring applications that are put forward for assessment and prioritisation are deliverable and meet the objectives and aspirations of local communities is a vital part of achieving this outcome.
- 2.3 This requires an appropriate level of resource to support applicants throughout the application process, as well as the delivery phase, should their application be successful. Until recently the LHI Initiative has not funded any officer resources, as such allocating appropriate resource levels has proved challenging, with the need to balance resources and their cost across the Transport Delivery Programme as a whole.
- 2.4 The proposed new process therefore ensures that the Initiative is sustainable in its own right, by providing appropriate levels of resource when required, and that it can deliver projects in a more timely way. This also enables the use of design and management resources from Skanska our Highways Service partner, to provide a more resilient service, something that is not currently possible with the LHI programme.
- 2.5 Securing resource funding for the various stages of the process is therefore necessary, including the development and prioritisation stage of applications.

- 2.6 A non-refundable application fee is therefore proposed to recover the costs associated with the initial phase of the process, payable online at the point of applying to the Initiative. The cost of the resources required to design, manage and implement each successful application is proposed to be added to the required budget for each scheme.
- 2.7 The three stages of the process are outlined below and in greater detail in **Appendix A**.

### 3.0 STAGE 1: PRE-APPLICATION (Feasibility)

- 3.1 This stage would be triggered on receipt of the initial application and payment of the non-refundable fee at the end of September each year.
- 3.2 Access to self-service information through the creation of detailed webpages and guidance that outlines this process is proposed. This will include basic technical information that outlines potential solutions to common highway issues, including estimated implementation costs. This will therefore inform the decision to submit an application and trigger this initial pre-application stage and associated fee.
- 3.3 A feasibility assessment, undertaken by highways officers in conjunction with each applicant, would then take place over a three month period between the application deadline at the end of September and the panel meetings during January and February each year.
- 3.4 Highways officers would work with each applicant to refine their submission by developing feasible options that best meet the objective of their application and are supported by the local community. The budget required to deliver these options would also be estimated, incorporating estimated resource costs, should it successfully receive funding. An allowance for the scheme's impact on future maintenance implications in the form of a 20 year commuted sum may also need to be included.
- 3.5 The time spent by officers on this feasibility element is dependent on the complexity of the application. Whilst this could be based on an average cost, this may lead to some applicants being precluded from submitting an application on the grounds of cost, or be disproportionate to the overall cost of the scheme. Therefore a sliding scale is proposed to minimise this risk. Table 1.0 below summarises the options for cost recovery, with a detailed breakdown included in **Appendix B**.

Admin Cost	Limited Feasibility Required	Some Feasibility Required	Average Feasibility Cost Option	Considerable Feasibility Required	Total Application Fee
£60	£130				<b>£190</b>
£60		£390			<b>£450</b>
£60			£390		<b>£450</b>
£60				£575	<b>£635</b>

*Table 1.0 Range of possible application fees (breakdown in Appendix B)*

- 3.6 Applicants would need to refer to a list of schemes based on the likely level of feasibility required, to inform their initial application submission (example schemes are listed below). Confirmation of the fee required would be sent back to the applicant with a link to make the payment online, once officers have reviewed the likely level of feasibility required for their application.

**Limited feasibility required:**

Parking restrictions  
Mobile speed indicator devices  
Village gateways entry treatments  
Maintenance of existing highway assets

**Some feasibility required:**

Speed limit changes  
Additional street lighting  
Traffic islands  
Mobility/Uncontrolled crossings  
Footway extensions  
Large scale parking schemes

**Considerable feasibility required:**

Zebra crossings  
Traffic calming/speed reducing measures  
Junction redesigns  
Undefined road safety improvements

- 3.7 An alternative option would be to recharge each application fee to the County Council's LHI budget for each district area, before it is allocated to prioritised schemes each year. However, this would significantly reduce the budget available for allocation to the delivery of prioritised schemes, penalising those areas with a significant number of applications. It would also not discourage applicants from submitting applications that have little benefit, further reducing the budget available for prioritised schemes.
- 3.8 Table 1.1 below models the three application fee options against the actual applications that were received for the LHI programme this year;

District area	2017/18 Area Budget £	No. Applications 2017/18	Standard £450 Fee £	Sliding Scale Fee £	% Budget Top sliced (based on sliding scale)
Cambridge City	123,160	52	23,400	16,265	13%
Fenland	96,768	17	7,650	6,275	7%
East Cambridgeshire	79,174	21	9,450	8,370	11%
South Cambridgeshire	140,752	38	20,250	16,010	11%
Huntingdonshire	167,146	45	17,100	16,460	10%
<b>TOTAL</b>	<b>£607,000</b>	<b>173</b>	<b>77,850</b>	<b>63,380</b>	<b>10%</b>

*Table 1.1 Application Fees as modelled against applications received for this year's LHI Programme*

- 3.9 The advantages and disadvantages of these options are summarised in table 1.2 below:

Fee Option	Advantages	Disadvantages
£450 Standard Fee	<ul style="list-style-type: none"> <li>Recovers cost of services from applicants</li> <li>Maximises available LHI budget for successful schemes</li> <li>One application fee simplifies process</li> <li>Highlights to applicants the implications of submitting an application.</li> </ul>	<ul style="list-style-type: none"> <li>May preclude some applicants from applying due to cost, such as Parishes with low precepts.</li> <li>May under or over recover costs depending on type of applications</li> </ul>
Sliding Scale of Fees	<ul style="list-style-type: none"> <li>Still recovers actual cost of services from applicants.</li> <li>Maximises available LHI budget for successful schemes</li> <li>Highlights to applicants the implications of submitting an application</li> <li>Provides a fee more proportionate to the type of application</li> </ul>	<ul style="list-style-type: none"> <li>May still preclude a small proportion of applicants from applying due to cost, depending on scheme type</li> <li>Risk that a range of application fees may add confusion to the process</li> </ul>
Top Slice LHI budget	<ul style="list-style-type: none"> <li>Maximised attractiveness and accessible to all applicants with no implications of submitting an application</li> <li>No fee payable by applicant</li> <li>Still recovers actual cost of services.</li> </ul>	<ul style="list-style-type: none"> <li>Will not highlight the implications to the applicant of submitting an application</li> <li>Reduces available LHI budget for successful schemes depending on the number of applications received.</li> <li>Utilises LHI budget to investigate schemes that may not be feasible or have little benefit and therefore low scoring at panel meetings.</li> </ul>

*Table 1.2 Advantages & disadvantages of the three application fee options*

## 4.0 STAGE 2: PRIORITISATION

- 4.1 Following the work in stage 1, applicants would then have the opportunity to decide whether or not to submit a final refined application, taking into account development during the previous pre-application phase.
- 4.2 This will include their maximum proposed financial contribution and the funding being applied for from the LHI Initiative, which together provide the necessary budget to implement their proposed improvement scheme.
- 4.3 The application would then be assessed by the Member Panels in each district area and prioritised accordingly.

## **5.0 STAGE 3: DELIVERY**

- 5.1 Applicants that are successful in receiving funding would then make the final decision to approve delivery of their scheme and therefore agree to provide their funding contributions.
- 5.2 The new pre-application phase of the process means that delivery of the scheme can commence sooner than is currently possible, but applicants must now be aware that costs will be incurred immediately by resources working on the delivery of their scheme.
- 5.3 The delivery phase must therefore be closely managed to ensure that the total budget is sufficient to implement the scheme, with unforeseen issues and instructed changes being the responsibility of the applicant to approve and fund, including any additional resource costs required.

## **6.0 NUMBER OF APPLICATIONS PER APPLICANT**

- 6.1 Whilst the number of applicants that can apply to the LHI Initiative is not restricted, each applicant is limited to one application outside of the City area. Organisations that represent larger communities, such as Town Councils, are often in a position to support local community groups by funding their applications in addition to their own, but this is currently restricted.
- 6.2 It is therefore proposed that the maximum number of applications that a Town Council may submit be aligned to the number of County Council divisions within its authority area. This would allow Whittlesey and March Town Councils to each submit and fund two applications, for example.

## **7.0 PRIVATELY FUNDED HIGHWAYS IMPROVEMENTS (PFHI)**

- 7.1 A new process to provide a more effective service for the delivery of PFHI schemes is also proposed. The initial stage of this process is aligned with the LHI Initiative and again proposes a non-refundable application fee, with similar key decision points for applicants throughout the process. The project budget will also be required to incorporate funding to cover an estimate of the resources required to deliver the scheme, replacing the current fixed fee of 20% of the construction cost. Applicants would need to enter into an agreement with the Council to pay the full and actual cost of the scheme delivery at the time of commissioning work and in return, the Council will commit to keep applicants fully informed of spend on the project.
- 7.2 Applications to deliver PFHI schemes will be accepted throughout the year, as per the process and estimated timeframes outlined in **Appendix C**.

## **8.0 ALIGNMENT WITH CORPORATE PRIORITIES**

### **8.1 Developing the local economy for the benefit of all**

Investing in local communities, particularly the issues that are often of greatest local concern, promotes community development and provides benefits to all local residents.

## **8.2 Helping people live healthy and independent lives**

Facilitating the use of sustainable forms of transport and improving and promoting safe movement within communities provides a positive contribution to this priority.

## **8.3 Supporting and protecting vulnerable people**

Many of the schemes that are brought forward have outcomes that improve road safety, particularly for vulnerable users, such as the young, elderly or particular user types, such as pedestrians and cyclists.

## **9.0 SIGNIFICANT IMPLICATIONS**

### **9.1 Resource Implications**

The report highlights the proposed recovery of costs associated with the provision of appropriate resources to deliver the outlined services in an efficient and effective manner. The resource implications are contained within the body of the report.

### **9.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

### **9.3 Statutory, Legal and Risk Implications**

There are no significant implications within this category.

### **9.4 Equality and Diversity Implications**

The LHI and PFHI Initiative empowers community groups to bring forward improvements that would not ordinarily be able to be prioritised by the Council. This gives local people a real influence over bringing forward improvements that benefit their local community.

### **9.5 Engagement and Communications Implications**

Further engagement and consultation will take place on each project as it is developed, in conjunction with the applicant.

### **9.6 Localism and Local Member Involvement**

The Local Highway Improvement Initiative gives local people a real influence over highway improvements in their community. The Council will work closely with the successful applicants and local community to help deliver the improvements that have been identified. The Local Member will be a key part of this process and will be involved throughout the development and delivery of each scheme.

### **9.7 Public Health Implications**

- The majority of schemes aim to improve road safety, which may subsequently contribute to reducing the risk of injuries on the highway network.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Sarah Heywood
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	N/A Name of Financial Officer: N/A
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Yes Name of Legal Officer: Fiona McMillan
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	No response Name of Officer: Tamar Oviatt-Ham
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Eleanor Bell
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	No response Name of Officer: Tamar Oviatt-Ham
<b>Have any Public Health implications been cleared by Public Health</b>	No response Name of Officer: Iain Green

<b>Source Documents</b>	<b>Location</b>
n/a	n/a