

## Commuted Sums for Highways Infrastructure

To: Highways and Transport Committee

Meeting Date: 7<sup>th</sup> March 2023

From: Executive Director for Place and Sustainability

Electoral division(s): All

Key decision: No

Forward Plan ref: N/A

Outcome: An approved Commuted Sums Policy supported by the Highway Estate Roads Construction Specification and General Principles for Development enabling the Council to collect commuted sums consistently for non-standard highway infrastructure that it adopts further to developments by third parties.

Recommendation: What is the Committee being asked to agree?

- a) To approve the Commuted Sums Policy (Appendix A);
- b) To approve the Highway Estates Roads Construction Specification (Appendix B); and
- c) To approve the General Principles for Development (Appendix C)

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## 1. Background

- 1.1 The County Council becomes responsible for highway infrastructure that it adopts further to developments being undertaken throughout the county.
- 1.2 Commuted sums are monies that may be collected to help authorities offset the future maintenance costs of new infrastructure that they acquire. Typically, such sums are collected from third parties undertaking developments which result in authorities becoming responsible for new assets.
- 1.3 The Council currently collects commuted sums for some highways infrastructure, but there is no comprehensive approved policy for the calculation and collection of these monies. It is proposed that the commuted sums policy (Appendix A) be approved to provide the framework for the Council's collection of commuted sums for highways infrastructure.

## 2. Main Issues

- 2.1 The Council has the legal powers to collect commuted sums for highway infrastructure that it adopts. These powers are primarily granted via Section 38 and Section 278 of the Highways Act 1980.
- 2.2 The Council is a voting member of the Cambridgeshire and Peterborough Combined Authority (CPCA) Board. The Council has also delegated functions to the Greater Cambridge Partnership (GCP), which is constitutionally a Joint Committee of Cambridgeshire County Council, Cambridge City Council and South Cambridgeshire District Council. The County Council also has a member on the GCP Board. The Commuted Sums Policy is not applicable to the CPCA or GCP. Whilst this report focuses on the collection of commuted sums from developers, discussions are taking place with CPCA and GCP regarding how best to offset the increased maintenance burden to the Council associated with infrastructure provided by these bodies. Such infrastructure includes cycleways, greenways and busways.
- 2.3 A proportion of the capital funding provided to the Authority from Central Government for highways maintenance is based upon a formula. This formula takes account of the road lengths for which the Authority is responsible. Therefore, the Council is compensated for additions to the highway network, but only via the standard formulaic allocation.
- 2.4 Given that the road lengths formula makes provision for increases in length, it is only proposed to collect commuted sums for non-standard infrastructure, which is likely to result in disproportionate future maintenance costs to the Authority. A balance needs to be struck between collecting reasonable sums to offset the increased financial burden to the Council without discouraging development within the county. Furthermore, developers cannot be compelled to enter into Section 38 agreements and might resist agreeing to terms that are too commercially detrimental.
- 2.5 The council's Highway Estate Roads Construction Specification (HERCS) sets out the technical specifications for a broad range of adoptable highways infrastructure, such as surfacing types and construction thicknesses, in accordance with British Standards. The General Principles for Development document is more concerned with the overall design and implementation of new developments, again following the principles of national policy

and established best practice. This report seeks approval for these documents.

- 2.6 It is proposed that infrastructure that accords with the standards set out in the Highway Estates Roads Construction Specification (Appendix B) and the General Principles for Development (Appendix C) be deemed standard infrastructure, for which no commuted sums would be charged.
- 2.7 Whilst it is not possible to predict all the types of non-standard infrastructure that developers might wish the Authority to adopt, common examples might include: York Stone kerbing, as opposed to concrete construction; coloured surfacing and combined kerb/drainage blocks, as opposed to standard drainage gullies. Where non-standard materials are used, it will generally be the case that commuted sums will be collected, to enable the Council to match these materials when maintaining the infrastructure. The Council might also request that developers provide such materials, so that stocks are available at our depots. However, as noted in paragraph 2.10, officers will be able to exercise discretion in some cases.
- 2.8 It is proposed to charge absolute sums for a small number of specific asset types, in accordance with Table 1 of the Commuted Sums policy. These sums have been set to broadly align with the sums charged by other authorities. Officers will continue to review other authorities' practice and assess inflationary risks associated with these sums. Any proposed changes to these sums will be brought to this committee for approval.
- 2.9 The vast majority of sums collected will be based upon replacement costs and will be calculated on a project specific basis. There is some national guidance regarding the calculation of commuted sums. This includes the use of discounting factors whereby long-term assumptions are made regarding interest and inflation rates. This is a complex process and such assumptions are likely to be inaccurate as interest and inflation rates fluctuate, often unpredictably. CCC Finance and Resources are supportive of an alternative approach whereby sums are collected equivalent to current replacement costs and the monies are invested by the Authority.
- 2.10 The Commuted Sums Policy (Appendix A) makes provision for the Council to exercise discretion regarding whether it wishes to collect commuted sums in all instances. This will help ensure that developments which align closely with the Council's priorities are not discouraged. This discretion is delegated to the relevant Assistant Director within Place and Sustainability.
- 2.11 It is proposed that the Commuted Sums Policy be implemented from 1st April 2023, subject to its approval by this committee. However, officers will exercise some discretion in the application of the policy during the period to 1<sup>st</sup> August 2023. This will facilitate communications to developers during the transitional period.

### 3. Alignment with corporate priorities

- 3.1 Environment and Sustainability  
There are no significant implications for this priority
- 3.2 Health and Care  
There are no significant implications for this priority

### 3.3 Places and Communities

The following bullet points set out details of implications identified by officers:

- The standards in the Highway Estates Roads Construction Specification and General Principles for Development will help ensure that developments provide the appropriate technical and aesthetic specifications.
- The collection of commuted sums will enable non-standard infrastructure to be appropriately maintained, enhancing the environment for our communities.
- The provision for the exercising of discretion regarding whether to collect commuted sums will help ensure that developments that are of benefit to our communities are not discouraged.

### 3.4 Children and Young People

There are no significant implications for this priority

### 3.5 Transport

The following bullet points set out details of implications identified by officers:

- A well-maintained highway network is a key enabler for the transport of goods and passengers across the county and beyond. These standards and the collection of commuted sums will help the Authority provide such a network.

## 4. Significant Implications

### 4.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- The capital monies made available to the Authority for highways maintenance from Central Government are currently not sufficient to enable highway assets to be maintained in a steady state. The collection of commuted sums will help provide some additional monies for highway maintenance against a backdrop of managing deterioration of the highway network.

### 4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 4.3 Statutory, Legal and Risk Implications

The report above sets out details of significant implications in paragraph 2.1

There is a risk to the authority of not adopting such a policy as is proposed in this report. The Authority would be assuming the financial liability of maintaining infrastructure that is effectively beyond the scope of the monies it receives for highways maintenance.

### 4.4 Equality and Diversity

Equality and Diversity Impact Assessments have been carried out for the following policies and standards and are provided as Appendix D to this report.

- Commuted Sums Policy
- Housing Estate Road Construction Specification
- Highways Development Management General Principles for Development

- 4.5 Engagement and Communications Implications  
The report above sets out details of significant implications in paragraph 2.9.
- 4.6 Localism and Local Member Involvement  
There are no significant implications for this priority
- 4.7 Public Health Implications  
There are no significant implications for this priority
- 4.8 Climate Change and Environment Implications on Priority Areas
- 4.8.1 Implication 1: Energy efficient, low carbon buildings.  
Positive/**neutral**/negative Status:  
There are no significant implications within this category
- 4.8.2 Implication 2: Low carbon transport.  
**Positive**/neutral/negative Status:  
The collection of commuted sums is proposed to be discretionary. This will enable the Council to negotiate with developers and effectively encourage the provision of infrastructure that supports low carbon transport via not collecting commuted sums for infrastructure that aligns with our low carbon transport aims.
- 4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.  
Positive/**neutral**/negative Status:  
There are no significant implications within this category
- 4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.  
Positive/**neutral**/negative Status:  
There are no significant implications within this category
- 4.8.5 Implication 5: Water use, availability and management:  
Positive/**neutral**/negative Status:  
There are no significant implications within this category
- 4.8.6 Implication 6: Air Pollution.  
**Positive**/neutral/negative Status:  
Please see comments against point 4.8.2. The discretion to waive commuted sums will help encourage the provision of infrastructure that encourages the use of electric vehicles and other forms of transport that minimise air pollution, including particulates.
- 4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.  
**Positive**/neutral/negative Status:  
The HERCS and design standards accord with the latest design principles. Therefore, infrastructure build in accordance with this guidance will be well placed to cope with climate change, including the demands upon drainage systems.

Have the resource implications been cleared by Finance? Yes  
Name of Financial Officer: Sarah Heywood

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement & Commercial? Yes  
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Law? Yes  
Name of Legal Officer: Linda Walker

Have the equality and diversity implications been cleared by your EqIA Super User?  
Yes  
Name of Officer: Jon Munslow

Have any engagement and communication implications been cleared by Communications?  
Yes  
Name of Officer: Sarah Silk

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes  
Name of Officer: Jon Munslow

Have any Public Health implications been cleared by Public Health?  
Yes  
Name of Officer: Iain Green

If a Key decision, have any Climate Change and Environment implications been cleared by the Climate Change Officer? Yes  
Name of Officer: Emily Bolton

## 5. Source documents guidance

### 5.1 Source documents

None