

Agenda Item No. 6(i)

DERBYSHIRE COUNTY COUNCIL

CABINET

20 December 2018

Report of the Strategic Director – Economy, Transport and Environment

**ADDITIONAL HIGHWAYS MAINTENANCE FUNDING AND  
CONSTRUCTION RESOURCES (HIGHWAYS, TRANSPORT AND  
INFRASTRUCTURE)**

(1) **Purpose of Report** To agree the receipt of a £8.414 million grant for highways maintenance from the Department for Transport (DfT) and to approve the use of the existing Scape Civil Engineering and Infrastructure Framework to support in the delivery of works associated with the grant and under Protocol 2 of the Council's Financial Regulations.

(2) **Information and Analysis**

**Background**

The DfT provides capital funding for Highway Maintenance through the Maintenance Block Grant. In addition, the DfT, on occasions, provides additional maintenance funding, for instance after harsh winters, or provides the opportunity for local authorities to bid for additional maintenance funding.

During the 2018 Budget, Government announced an allocation of a further £420 million of new money within this financial year for local highways maintenance.

This funding has been allocated using the Highway Maintenance funding formula, and has been provided to support the repair of potholes, to keep local bridges and structures open and safe, and to aid other minor highway works that may be needed. Based on the funding formula, a grant of £8.414 million was provided to the Council on 13 November 2018.

The grant has been issued with supporting terms and conditions of its use (please refer to Appendix A). One of the core requirements is to publish a brief but substantive note, on the Council's website by the end of March 2019, copied to the DfT, setting out how the funding allocated to the Council has been utilised.

Although this funding is welcomed and most definitely needed to assist the Council in maintaining Derbyshire's highways network, the time constraints being placed upon the Council to utilise this funding before the end of March 2019 places a logistical concern for delivery of full expenditure. This is approximately the equivalent of a third of the annual Local Transport Plan (LTP) grant with around a third of the year left in which to deliver it.

This time of the year the practicalities of undertaking extensive highway works can be severely impacted by adverse weather and comprehensive work programmes have already been set that require full optimisation of existing resources. With this in mind, it must be acknowledged that the Council will need to utilise external resources to complete the additional works, and an element of this support can come through existing arrangements with local suppliers.

However, the scale of the extra funding will place pressure on materials suppliers and contractors across the country to meet this tight timeframe. At present, the options available to the County Council are:

- Internal resources – generally used for programmes of small scale maintenance repairs and capital improvement schemes, as well as providing winter maintenance and emergency call out services that can disrupt the ability to provide these maintenance works, especially at times of bad weather.
- External suppliers – usually used through frameworks to provide resurfacing, reconstruction and surface dressing works, and to supply specialist services to support the internal team's maintenance operations.
- One off tenders for major schemes, such as the recent Seymour Link Road at Markham Vale, secured through the Midlands Highways Alliance Framework. However, the nature of the work to be completed before the end of March 2019 is not of the scale or type that would suit the contractors on this Framework.

It is therefore considered imperative that, on top of the Council's regular construction suppliers, the County Council engages the Scape Civil Engineering and Infrastructure framework as and when required to support the Council's Construction Services.

The County Council is a shareholder and a founder member of Scape, which offers local authorities and other public bodies across the UK access to six different procurement frameworks for the built environment. For the past three years, the County Council has employed Balfour Beatty as Scape's civil engineering and infrastructure provider on a variety of projects. These schemes have included surface dressing, pothole repairs and major structural and carriageway repairs and improvements.

Experience has proved this to be a flexible, yet cost-effective way of procuring urgent and/or specialist services that allow for the early involvement of a contractor to plan and develop project proposals. For the purposes of this additional maintenance funding, Balfour Beatty will be utilised to support the Council where capacity issues arise or specialist suppliers are necessary. This is likely to be around carriageway surfacing and structural work, but may well include other areas of the highways network.

Scape Framework principles are centred around an open book approach, meaning that the Council can scrutinise all tenders, prices and other information associated with the project. The County Council is also able to direct the use of particular consultants or contractors should it wish to do so.

Value for money is achieved through competitive tendering with a minimum of three suppliers or subcontractors being agreed with the Council. Performance indicators help to ensure that as much spend as possible is made locally. Balfour Beatty's performance for completion of projects within time and budget constraints has been extremely positive across the Scape Framework nationally, and it has an excellent record for using local suppliers and labour.

The urgency with which Balfour Beatty needs to be engaged has required the Strategic Director – Economy, Transport and Environment to approve the company's appointment under Protocol 2 of the Council's Financial Regulations. A business case has been approved by the Director of Finance and ICT and the Director of Legal Services. The current Framework was awarded for the period 1 February 2015 to 31 January 2019 but, providing contractual arrangements are agreed before 31 January 2019, Scape has confirmed that it will remain active for the duration of this works programme.

At the time of preparing this report the programme of works was still being developed to take account the availability of resources, and there is clearly further work to be done to integrate Balfour Beatty into the delivery team. It is therefore recommended that agreement of the detail of the programme, and any changes due to prevailing circumstances, such as weather and other factors, is delegated to the Strategic Director – Economy, Transport and Environment in consultation with the Cabinet Member for Highways, Transport and Infrastructure.

**(3) Financial Considerations** The Scape Framework is compliant with EU procurement legislation. The Civil Engineering and Infrastructure Framework was awarded for the period 1 February 2015 to 31 January 2019 in compliance with the EU Public Procurement Regulations, following publication of a Contract Notice in the Official Journal of the European Union.

The expenditure via the use of the Framework is expected to be up to approximately £4 million including Framework fees and allowing for design costs and supervision fees.

The business case for using the Scape Framework has been approved by the Director of Finance and ICT and the Director of Legal Services.

(4) **Legal Considerations** To enable the County Council to utilise this Framework, the Council will have to enter into an Access Agreement with Scape.

The use of a non-Derbyshire County Council Framework, under Protocol 2 of the County Council's Financial Regulations, is a two stage process; approval is required from Cabinet firstly to use the Framework and secondly to make an award of contract under the framework.

(5) **Social Value Considerations** Scape's Frameworks are committed to extensive use of local suppliers, ensuring that a significant proportion of project spend finds its way back into the local economy. The Frameworks incentivise local investment, offer upskilling and training support, fair and prompt payment and the use of small and medium enterprises.

In addition, the Framework actively promotes social benefits from the expenditure and has a track record of providing local employment and apprenticeship opportunities.

### **Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(6) **Key Decision** Yes.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – James Biddlestone, extension 36892.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet:

9.1 Approves receipt of £8.414 million grant from the Department of Transport and adds this the 2018-19 Capital Programme.

- 9.2 Approves, under Protocol 2 of the Council's Financial Regulations, the Council the use of Balfour Beatty through the Scape Civil Engineering and Infrastructure Framework.
- 9.3 Agrees that the Strategic Director – Economy, Transport and Environment, in consultation with the Cabinet Member - Highway Transport and Infrastructure, will approve the programme of works and any necessary changes
- 9.4 Agrees that the Strategic Director – Economy, Transport and Environment will determine the call-off under the Scape Framework to deliver the agreed programme.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Environment**



# Department for Transport

Anthony Boucher  
Local Infrastructure Division  
Department for Transport  
Room 2/14  
Great Minster House  
33 Horseferry Road  
London SW1P 4DR  
Direct Line: 0207 944 2149

Web Site: [www.dft.gov.uk](http://www.dft.gov.uk)

Geoff Pickford  
Strategic Director of Commissioning,  
Communities and Policy  
Derbyshire County Council  
Via email:  
[geoff.pickford@derbyshire.gov.uk](mailto:geoff.pickford@derbyshire.gov.uk)

13 November 2018

Dear Mr Pickford

## **LOCAL TRANSPORT CAPITAL FUNDING 2018/19 FINANCIAL YEAR**

The Chancellor of the Exchequer announced in the Budget 2018, the Government is allocating £420 million in the 2018/19 financial year for local highways maintenance, including the repair of potholes, to keep local bridges and structures open and safe, as well as to help aid other minor highway works that may be needed.

This new capital funding represents a significant extra investment in road maintenance and is on top of the funding we have allocated to highway authorities this financial year for local highways maintenance purposes.

In order to minimise administrative burdens for all concerned and to be fair and proportionate, we will be distributing the funding formulaically, based on the Department's existing local highways maintenance capital funding needs element formula, which takes into account highway assets for which each authority is responsible. We will make the payment for your share of the funding on 13 November.

We expect your authority to use this funding for its intended purpose. We would also expect your authority to publish a brief note on its website by end of March 2019, copied to the Department for Transport, setting out how the funding we allocated to authorities earlier this financial year and this new extra funding has been utilised. It would be helpful also if you could ensure, where feasible, that your authority publishes pictorial evidence on your website which shows the 'before' and 'after' of each repair undertaken.

The Grant Determination for the fund your authority is receiving is attached, as is a declaration at Annex A that you and your Authority's Chief Internal Auditor are required to sign and to return to the Department for Transport by 30 September 2019. We are content for this declaration to be combined with the declaration for the Local Transport Capital Block Funding 2017/18 as set out in my letter of 11 April 2018.

The table below shows your allocation from the Fund.

<b>Grant Stream</b>	<b>2018/19 Allocation</b>
Budget 2018 Additional Highway Maintenance	£8,414,000

Please contact us at [LT.PLANS@DFT.GSI.GOV.UK](mailto:LT.PLANS@DFT.GSI.GOV.UK) or telephone Gordon Rolfe on 0207 944 2249 for queries relating to the capital block funding allocations outlined in this letter.

Yours sincerely,



Anthony Boucher  
Deputy Director: Local Infrastructure

# **LOCAL TRANSPORT CAPITAL BLOCK FUNDING (INTEGRATED TRANSPORT AND HIGHWAY MAINTENANCE) SPECIFIC GRANT DETERMINATION (2018/19): No 31/3224.**

The Minister for Local Transport (“the Minister”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

## **Citation**

1) This determination may be cited as the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination (2018/19) No.31/3224.

## **Purpose of the grant**

2) The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them.

## **Determination**

3) The Minister determines that the maximum additional amount of grant payable to Derbyshire County Council shall be £8,414,000.

## **Grant conditions**

4) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Minister determines that the grant will be paid subject to the conditions in Annex B.

## **Treasury consent**

5) Before making this determination in relation to local authorities in England, the Minister obtained the consent of the Treasury.

Signed by authority of the Minister for Local Transport



Anthony Boucher  
A senior civil servant within the Department for Transport

November 2018



## **ANNEX A - GRANT CONDITIONS**

1. Grant paid to a local authority under these determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Local Infrastructure team<sup>13</sup> in the Department for Transport a declaration, to be received no later than 30 September 2018, in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Pothole Action Fund) Specific Grant Determination (2018/19) No.31/3221 have been complied with”.

3. If an authority fails to comply with any of the conditions and requirements of paragraphs 1 and 2, the Minister may-

- a) reduce, suspend or withhold grant; or
- b) by notification in writing to the authority, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Minister under paragraph 3(b) shall immediately become repayable to the Minister.

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<sup>13</sup> Local Infrastructure team can be contacted at [LT.PLANS@DFT.GSI.GOV.UK](mailto:LT.PLANS@DFT.GSI.GOV.UK) or on 0207 944 2249.