

A meeting of the: **Overview and Scrutiny Committee**
will be held on: **Tuesday 4 February 2025**
at: **10.00am**
in: **the Reception Room, Town Hall & Civic Offices, Westoe Road,
South Shields, NE33 2RL**

SUPPLEMENTARY AGENDA

Page No

Further to the agenda previously circulated for the above meeting please find attached a report in relation to the following agenda item:

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| 6. | Highways Infrastructure Funding
To examine the proposed approach to regional highways maintenance funding. | 43-46 |
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Title: Highways Maintenance

Report of: Jonathan Bailes, Head of Transport Programmes

1. Report Summary

- 1.1 The purpose of this report is to provide Overview and Scrutiny Committee with an overview of the roles and responsibilities of both the combined authority and local authorities with regards to maintaining highways, the allocation of highways maintenance funding to local authorities and the forthcoming Regional Transport Asset Management Plan (TAMP), which is due before the North East CA Cabinet at its March meeting.

2. Recommendations

- 2.1 The Overview and Scrutiny Committee is invited to acknowledge the report and provide comment on the approach taken with regards to the allocation of highways maintenance funding and the emerging Regional Transport Asset Management Plan (TAMP).

3. Roles and Responsibilities

- 3.1 In England, the responsibility for maintaining highways is divided between national and local authorities. The management and maintenance of motorways and some major A-roads, collectively known as the Strategic Road Network (SRN), are overseen by National Highways, an executive non-departmental public body sponsored by the Department for Transport. National Highways is responsible for ensuring the SRN is safe, efficient, and well-maintained.
- 3.2 Local authorities, such as county councils, unitary authorities, and metropolitan boroughs, are responsible for the upkeep of all other public roads within their boundary. Their duties encompass routine maintenance, such as repairing potholes and cleaning drainage systems, as well as undertaking more significant repairs to ensure the longevity of the asset.
- 3.3 Legislation plays a vital role in defining these responsibilities. The Highways Act 1980 is the principal piece of legislation governing highway maintenance in England. It obligates both National Highways and local authorities to keep the highways under their management in a safe condition. Failure to meet these obligations can result in legal action or public liability claims.

4. Funding

- 4.1 The term 'highways maintenance' generally denotes everything that is required for the highway to be used by the public, including drainage, retaining walls, culverts, bridges and street lights as well as roads themselves. The funding of highway maintenance in England is a critical aspect of ensuring the safety, efficiency, and longevity of the road network.
- 4.2 National Highways, receives its funding primarily from central government allocations. This funding is delivered through the Road Investment Strategy (RIS), a long-term investment plan set by the Department for Transport (DfT).

- 4.3 For local roads, which make up the majority of the road network, funding has traditionally been allocated to the responsible local highway authorities, of which there are 7 in the North East, by the Department for Transport. Highways Maintenance Block Funding and the Pothole Action Fund are the traditional government grants aimed specifically at supporting local road maintenance. Although, local authorities will also draw upon a variety of funding sources including central government grants, local council budgets (funded via general revenue and sometimes prudential borrowing), and additional funding mechanisms such as developer contributions where appropriate.
- 4.5 With the formation of the North East CA, the way in which highways maintenance funding is allocated and provided to local authorities has changed, with all maintenance funding provided to North East CA via the City Region Sustainable Transport Settlement (CRSTS) opposed to being issued by the Department for Transport. Decisions pertaining to the allocation and investment of the CRSTS are to be taken by the North East CA Cabinet and Mayor in line with its agreed governance arrangements, ensuring that each authority receives appropriate funding for Highways Maintenance, Integrated Transport Block and Potholes funding. Though, the responsibility for delivering highway maintenance remains unchanged. The 7 constituent local authorities of the North East CA continue to be the responsible highway authorities as defined in the Highways Act.

5. Transport Asset Management Plan (TAMP)

- 5.1 A regional Transport Asset Management Plan (TAMP) has been produced collaboratively with local authority partners as a means of articulating how funding incorporated into CRSTS for highways maintenance, should be managed and allocated going forward. The TAMP therefore provides a single consolidated asset management plan for the seven local authorities building on existing local plans, describing how good asset management practice is applied and effective decisions are made in the apportionment of the CRSTS settlement.
- 5.2 The level of highway maintenance funding included within the CRSTS settlement funding was agreed by the North East CA Cabinet at its meeting in July 2024, funding is allocated in accordance with the existing DfT formula, allocations therefore take into account road length and the number of bridges and street lighting columns that each authority is responsible for maintaining. The total amount of funding for highways maintenance included within CRSTS totals approximately £332 million, over the first CRSTS period from 2022/23 through to 2026/27, equating to an annual total of approximately £66.3 million of funding for highways maintenance across the region.
- 5.3 It was also agreed at the July 2024 Cabinet to supplement the £66.3m per annum of funding for highways maintenance, to the maximum allowable level within CRSTS funding conditions with a further £4.76m per annum over the next three financial years, totalling an additional £14.28m.
- 5.4 The TAMP is proposed to be adopted by the North East CA Cabinet at the forthcoming March 2025 meeting. As noted, the TAMP has been developed collaboratively with constituent local authorities, considering the entirety of the region's asset portfolio, in doing so, a unique category of highway infrastructure was identified, referred to as 'critical infrastructure', i.e. assets that are large, complex, essential to the local economy, high in the public profile and disruptive and/or expensive to refurbish.
- 5.5 Traditional approaches to the allocation of funding for the refurbishment of critical infrastructure are recognised within the TAMP as sub-optimal. Slow rates of deterioration, combined with short term planning cycles can result in deferred investment year-on-year, especially when budgets are constrained. Without applying a whole-life cost approach, this culminates in condition deterioration to the point where more disruptive and expensive interventions are required.
- 5.6 The TAMP therefore recommends that a more economic approach for these assets and the network as a whole should be taken forward in future iterations of the plan. This would facilitate a more proactive 'little-and-often' maintenance regime, the ability to predict future investment needs and secure the necessary long term funding required to optimise value for money.

5.7 At the March 2025 Cabinet, recognising the recommendations of the TAMP, Cabinet will be requested to agree to allocate residual CRSTS revenue funding to take forward a piece of work that assesses the state of the network, with regards to critical infrastructure. This work will build an investment case to inform future CRSTS allocations and ensure the next iteration of the TAMP adopts a fair, consistent, and transparent allocation process for future highways maintenance funding between local authorities. The approach is intended to reduce whole-life costs and mitigate the risk of impacting overall budgets for major interventions. In turn, this will alleviate pressures on CRSTS and other maintenance budgets over the longer term. The Overview and Scrutiny Committee are invited to provide feedback on the approach outlined above.

6. Potential Impact on Objectives

6.1 The TAMP supports both the strategic aspirations of the North East CA, as set out in the corporate plan which was approved at November's Cabinet, and the emerging Local Transport Plan. Enhancing the resilience of the transport network is a key tenant of the Local Transport Plan, specifically reducing the impact on passengers including disruption delays and congestion. The benefits of adopting the recommendations of the TAMP include mitigating the potential for highways assets negatively impacting passenger journeys, increasing safety of the network and supporting the ambition of managing risks effectively through co-ordinated asset stewardship meeting the needs of communities and businesses.

7. Equalities Implications

7.1 There are no direct equalities implications arising out of the recommendations in this report. However the Overview and Scrutiny should be mindful of its Public Sector Equality Duty and consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee should also note that the North East CA has adopted equality objectives to reflect its different roles as an employer, a commissioner, deliverer of services and a civic leader.

8. Consultation and Engagement

8.1 Consultation and engagement on the production of the Transport Asset Management Plan has been conducted through the Heads of Transport grouping of the seven constituent local authorities. The Transport Asset Management Plan has been developed and agreed collaboratively with constituent local authorities via transport asset managers and highways leads.

9. Appendices

Not applicable.

10. Background Papers

The following background documents have been used in the compilation of this report and are available for inspection either by clicking on the links below or by contacting the report author:

- [North East Combined Authority Cabinet Meeting July 2024](#)

11. Contact Officers

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12. Glossary

North East CA - North East Combined Authority

TAMP - Regional Transport Asset Management Plan

SRN - Strategic Road Network

RIS - Road Investment Strategy

DfT - Department for Transport

CRSTS – City Region Sustainable Transport Settlement