



Audit & Governance Committee  
13 June 2022

## Highway & Transport Budgets

### Purpose of the report:

To provide an introduction and overview of the Highway & Transport budgets and associated decision making policies and procedures.

### Recommendations:

It is recommended that the Audit and Governance Committee:

1. Note the contents of the report; and
2. Confirm any further reports into specific areas of the response the Committee requires.

### Introduction:

3. The scope of activity carried out by the Highways & Transport Service is wide ranging, and different budget management approaches are necessary to ensure national and local, as well as strategic and operational requirements are met. The content of this report aims to provide a high-level introductory summary of the capital and revenue budgets managed by Highways & Transport. It also describes the ongoing work to provide further guidance for members on the activities covered.
4. Budgets for Highways and Transport (H&T) are managed based on the approach advocated or advised by legislative requirements and also that of the strategic and policy documents which are aligned to the delivery of Surrey County Council's strategic priorities.
5. Highway & Transport budgets are determined and managed in order for Surrey County Council (SCC) to meet its statutory obligations. [Well Managed Highways Infrastructure: A Code of Practice](#) describes a

number of legal requirements, and both the Department for Transport (DfT) and SCC have endorsed its use. This Code includes ensuring, so far as is reasonably practicable, that safe passage along Surrey's highway is maintained in accordance with Section 41 of the Highways Act 1980. In addition, the Traffic Management Act 2004 has a requirement for Highway Authorities to facilitate and secure efficient movement of traffic along our highway network. In alignment with the [Highways Infrastructure Asset Management Guidance](#) document published by the UK Roads Liaison Group (UKRLG), the Council's approach brings together a range of factors that influence asset management priorities.

6. The [Highway & Transport Asset Management Strategy](#) sets out how Surrey County Council manages its highway infrastructure assets with consideration given to whole life costs, associated risks and alignment with Surrey's corporate objectives. This Strategy was last updated and approved by the Cabinet Member for Infrastructure and Transport under delegated authority from Cabinet in December 2020 and will be reviewed again in December 2022.
7. The Council's existing Local Transport Plan (LTP3) gives us the overarching policy framework and strategic direction for much of our work and investment in relation to transport. This is being replaced by the new LTP4, which was subject to public and stakeholder consultation in 2021 and 2022. LTP4 is set to be approved by Cabinet in May and Full Council in July and is already being used to shape our plans and programmes with an emphasis on zero carbon, thus supporting a core ambition of the Council.
8. A range of other policies and guidance documents are also relevant, including our Road Safety Outside Schools Policy and our Speed Limit Policy. These have helped to shape the priorities and investment programme for the new funding areas in 22/23.
9. Beyond adhering to the legislative and strategy frameworks, decisions on budget spend are primarily based on three drivers: (a) there is a routine operational requirement to do so (e.g. cutting highway verges); (b) there is a strategic requirement to act, i.e. from the results of strategically gathered data, such as statutory inspection, condition or road safety collision records; and/or (c) there is a local requirement to act, i.e. from the results of more locally gathered data, such as member or resident requests. It is important to note that the approaches are not mutually exclusive. For example, whilst the Horizon programme is primarily led by the results of condition data and asset lifecycle intervention models, it is also influenced by member and customer nominations. Similarly, whilst members can decide what they would like to spend their individual allocations on, officers will support that decision making with data, evidence and policy guidelines.

## Capital and Revenue Highway & Transport Budgets

### Capital

10. Capital budgets are used to maintain and improve Highway and Transport Assets including roads, pavements, bridges, traffic signals and safety barriers. They are also used to provide new infrastructure such as pedestrian crossings, bus infrastructure and infrastructure to facilitate Active Travel.
11. Capital budgets available for Highways and Transport are approximately £98m per annum. The breakdown of activity is shown in the table below, including an indication of the primary decision-making approach. Following the announcement at Full Council on 24 May 2022, the capital budget for 22/23 has been increased by a further £15m, taking the total budget allocation this year to approximately £113m.
12. Capital budgets are made up of a number of sources. £25.7m of the total comes from DfT grants for Highway Maintenance, and this allocation level will remain as it is for the next 3 years. Approximately £3m of our DfT highway maintenance allocation is dependent on SCC being able to demonstrate the application of the Asset Management approach described above. Further DfT grants have been awarded for Active Travel/LCWIP schemes. Other capital funding comes from external sources, including developer/CIL contributions and Local Enterprise Partnership allocations. However, not all activity is covered by a grant or external source, and the remaining balance is funded by SCC.

**Table 1. Highways and Transport Capital Budgets**

Capital Activity	2022/23 £000
<b>Member decision led activity</b>	
• Local Highways Schemes	3,165
• Additional Local Highways Schemes	8,000
<b>Highway Asset Strategy decision led activity 'Horizon Programme'</b>	
• Highway Maintenance (roads and footways)	55,270
• Bridge/Structures Maintenance	10,102
• Safety Barriers	1,510
• Flooding & drainage	1,422
• Intelligent Traffic Systems Maintenance (Traffic Signals)	2,915
<b>Other Highway Asset decision led activity</b>	
• Illuminated Street Furniture	1,900
• Street Lighting LED Conversion	5,239
• Drainage Asset Capital Maintenance/Improvements	1,000
• Highway Maintenance – Signs	400
<b>Transport Strategy decision led activity</b>	

• Active Travel (both EATF & future)	3,517
• Surrey Quality Bus Corridor Improvement	449
• Ultra Low Emission Vehicles - Community Transport - Third Sector	2,716
• Ultra Low Emission Vehicles - Bus Companies	600
• LCWIPS	1,500
• Local Enterprise Partnerships (LEP) Funded Schemes	7,324
• Active Travel (both EATF & future)	400
• Designated Funds - School Road Junction	1,100
• Ultra Low Emission Vehicles - Bus Companies	5,600
• Surrey Quality Bus Corridor Improvement	125
<b>Road Safety decision led activity</b>	
• Road Safety Schemes	200
• School road safety schemes	1,000
• Smallfield Safety Scheme (CIL)	339
<b>H&amp;T service operational support activity</b>	
• Replacement Vehicles	150
• Real Time Traffic Monitoring (Traffic Studies)	123
• Other - (Grant Funded Speed Cameras, ANPR at CRCs, Traffic Systems)	50
<b>Other</b>	
• External funding (presumed total of funding received from developers, CIL etc)	1,200

**113,316**

## Revenue

13. Revenue budgets are used for routine and reactive works such as tree maintenance, gully cleaning, winter gritting, providing local bus services and delivering road safety initiatives such as pedestrian and cycle training for children and young people. Members also have a revenue allocation to use on highway activities which is typically spent, under member direction/choice, on locally determined maintenance activities that would not otherwise be covered by other revenue budgets.
14. Revenue budgets available for Highway and Transport works are approximately £51m per annum. The breakdown of activity is shown in the table below, including an indication of the primary decision-making approach. Revenue budgets provided by SCC are supported by grants from the Department for Education for Bikeability and the Department for Transport in relation to the Bus Service Operator Grant.

**Table 2: Highways and Transport Revenue Budgets**

Revenue Activity	2022/23 £000
<b>Member decision led activity</b>	
• MEMBER LOCAL HIGHWAY FUND	608
• LOCAL SCHEMES ALL AREAS (Feasibility/Tech Ass)	200
<b>Highway Routine Maintenance decision led activity</b>	
• ENVIRONMENTAL MAINT - COUNTYWIDE (grass, weeds etc)	1,502
• DRAINAGE (gully cleaning, repairs, high speed traffic mgt)	3,854
• WINTER MAINTENANCE	2,780
• SAFETY BARRIERS	287
• SIGNS ENERGY	2,864
• STREET LIGHTING PFI	11,704
• TRAFFIC SIGNAL MAINTENANCE	1,021
<b>Reactive/Inspection decision led activity</b>	
• HIGHWAY REPAIRS COUNTYWIDE – (Emergency Response, safety defect repairs)	3,007
• GENERAL MAINT Structures/Bridges	1,449
• CONDITION REPAIRS - (ad-hoc customer focused repairs)	405
• ILLUMINATED ST FURNITURE	641
• STREET FURNITURE	30
• ENFORCEMENT	10
• STRATEGIC TREE MAINTENANCE	1,738
• LINES COUNTY WIDE	456
• SIGNS AND LINES	400
<b>Transport Routine decision led activity</b>	
• DIRECT COSTS CONCESSIONARY FARES	7,004
• LOCAL BUS SERVICE CONTRACTS DIRECT	9,585
• PASSENGER TRANSPORT INITIATIVES	321
• COMMUNITY TRANSPORT	416
• BIKEABILITY - CYCLE TRAINING	222
• FASTWAY	23
<b>Road Safety decision led activity</b>	
• ROAD SAFETY ENFORCEMENT	5
• ROAD SAFETY ENGINEERING	25
• SCHOOL CROSSING PATROLS	162

**50,721**

### Budget Decision Making and Prioritisation

15. Given the broad remit of responsibilities the Highways & Transport Service covers, multiple decision making and prioritisation processes are necessarily employed. These vary from those that are strategic to those that are very local.

16. For example, key highway assets are prioritised for the capital Horizon maintenance programme based on [criteria](#) approved under delegated authority by the Cabinet Member for Infrastructure and Transport, which are aligned to the national and local strategic frameworks set out above. This ensures that whatever funds are available are spent on the most appropriate schemes at the right time and that schemes are prioritised to maximise risk reduction and minimise whole life costs for SCC.
17. Other areas that utilise criteria based on strategic policy include the [Road Safety Outside Schools](#) programme and [Tackling Speeding](#) programmes, further details of which are due to be endorsed at the Cabinet Member meeting in June 2022.
18. At a more locally determined level, the Local Schemes capital budget totals £11.2m in 22/23 and is split between a direct allocation to each Divisional Member (i.e. the revised £100k per Member making £8.05m) and a Countywide Integrated Transport Scheme (ITS) budget (£2.95m). Full details of how this is allocated and will be prioritised is detailed in the Cabinet report of Feb 22 ([available here](#)).
19. For revenue activities, most of the budget is used to fulfil the statutory requirement and reflects the ongoing volume of demands of the operational service. The decision making is mostly dictated by the need to carry out statutory functions, such as provision of bus services and/or routine activities, such as winter gritting, or to respond to inspection/survey data which identifies safety hazards that the Council needs to address so that we protect residents' safety and minimise SCC's liability.
20. Each revenue activity will have a different decision making process depending on the asset or service type, the risks involved, the desired or required service level and what is deemed to be reasonable in terms of meeting the statutory requirement. For example, as a default position, all road gullies are scheduled to be cleaned once per annum, although this can differ depending on the history of the gulley – in areas prone to flooding this may increase to every 6 months, but in low risk areas this is reduced to every two years.

#### **Communication of Approach/Decision Making to Members**

21. When considering how to progress member or resident related highway requests, officers will often need to make a judgement on where best to direct the issue for consideration of/decision making on funding. Some requests are more straightforward than others. For example, a request for road repairs would normally be checked against the Asset Strategy future Horizon programme to see if it will be addressed in a timeframe that aligns with the expectations of the member, or otherwise officers may recommend progressing an alternative repair scheme using the member allocation if not.

22. Where improvements to the highway are requested, often the situation is more complex, and officers will need to work with members to determine the most appropriate route to fund and implement them. This may include seeking external funding such as Community Infrastructure Levy (CIL), submitting them as a Countywide ITS scheme request or determining whether they may potentially be included in other strategy based programmes such as the Road Safety Outside Schools programme or Active Travel programme. This is often an iterative process as the request is considered in more detail with the funding route not always easily identifiable at the outset. Whilst not the intention, it is acknowledged that this process can sometimes be perceived as confusing and lacking in transparency for members.
23. In order to support a better relationship with Members going forward, an Engagement and Stakeholder Team have been developed and are now in place to support Members and act as a conduit into the service. They will work with Members, providing support in managing and ensuring delivery of works prioritised by them from their capital and revenue allocations. 22/23 commitments are currently being finalised with members.
24. A detailed A-Z of the highway and transport service is being prepared which will build on the information already provided to Members and aims to simply explain how we manage the service for the benefit of all Surrey residents. The intention of this document will be to provide greater transparency for Members, and it will include flowcharts explaining the decision processes associated with the service and the above budgets. Given the scope of activities under consideration and the importance of producing something meaningful and that adds clarity to how the Highways & Transport service operates, it is anticipated that the document will be piloted with both the Audit & Governance Committee and Communities, Environment & Highways Select Committee members in June prior to it being made more widely available to all Members.
25. In the meantime, we would encourage Members to continue to liaise with the Service's Engagement and Stakeholder Team on any queries they may have and/or use the sources of information already available to them. This would include the previously-issued Members guide circulated by the Cabinet Member for Transport and Infrastructure.

#### **Financial and value for money implications**

26. There are no direct financial and value for money implications of this report.

#### **Equalities and Diversity Implications**

27. There are no direct Equalities and Diversity Implications of this report.



## Risk Management Implications

28. There are no direct Risk Management Implications of this report.

## Conclusions:

29. The reports aims to provide an introductory overview of the Highway & Transport Budgets. A variety of legislation, national and local policy is used to support the decision-making process and prioritisation of the various budgets. Management of safety risks to residents, achieving value for money, alignment with government and SCC priorities, and responding to local needs are key to the prioritisation of spend across all budgets. It is acknowledged that further work is required to provide transparency to Members on the decision making processes involved and Officers are progressing work to achieve this objective.

## Next steps:

Following discussion at the Audit & Governance Committee of this introductory report, it is anticipated that further work will be undertaken to progress the objective of providing further clarity to Members on Highways & Transport budgets. This will include a request for Committee members to pilot the early A to Z document, with the intention that they provide feedback so that officers can continue to develop this as required. Officers will return to the Audit & Governance Committee later in the year to discuss specific elements of the budgets in further detail as required.

The Service will also continue to report on performance and delivery at the Communities, Environment and Highways Select Committee as agreed in previous Cabinet recommendations.

---

**Report contact:** Lucy Monie, Director of Highways and Transport

**Contact details:** [lucy.monie@surreycc.gov.uk](mailto:lucy.monie@surreycc.gov.uk)

## Annexes

None

## Sources/background papers:

- [Highway & Transport Asset Management Strategy](#)
- [Well Managed Highways Infrastructure: A Code of Practice](#)
- [Highways Infrastructure Asset Management Guidance](#)
- [SCC Capital Prioritisation Policy](#)
- [SCC Cabinet Report of February 2022](#)
- [Road Safety Outside Schools Policy](#)