

**CABINET SUPPORT OFFICE
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09.09.2014

Date / Dyddiad: 15 December 2014

Councillor Paul Mitchell
Chair, Environmental Scrutiny Committee
Scrutiny Services
Room 243
County Hall
Cardiff
CF10 4UW

Dear Councillor Mitchell

Environmental Scrutiny Committee - 09 September 2014

Thank you for your letter dated 26 September 2014 concerning the above. I would like to thank the Committee for providing this valuable feedback.

In response to the points raised in your letter, I am pleased to provide the information below in respect of the Cardiff Local Transport Plan and the Highway Asset Investment Strategy.

TRANSPORT STRATEGY (CARDIFF LOCAL TRANSPORT PLAN 2015 TO 2020)

1. Members acknowledge that the Local Transport Plan in its current format is not designed to provide a detailed summary of the major transport projects, for example, it does not provide a comprehensive breakdown like the Cardiff Capital Region Metro. Members understand the reasons for the limitations of the document, i.e. that funding is ultimately outside of the control of the Council, however, they would still like a greater understanding of how and when these projects will be delivered.

Therefore, they would be grateful if you would contact Welsh Government to ask for greater clarification of the timescale and funding options for the projects.

Project Delivery & Funding

The LTP includes a costed and prioritised 5 year (2015-2020) programme of infrastructure schemes and a longer term aspirational programme of schemes for the period 2020 to 2030. The prioritisation of the schemes has been determined through an appraisal of each scheme in terms of its strategic benefits and the likely timescale for its delivery.

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Schemes featured in the LTP are likely to be funded from a range of sources including the Council's own capital funds, grants from Welsh Government and also contributions raised through S106 planning agreements and the Community Infrastructure Levy (CIL).

The Council applies annually to Welsh Government for transport infrastructure funding through various mechanisms including local authority transport grants through the Local Transport Fund, Safe Routes in Communities and Road Safety grant. Funding allocations can vary from year to year and the size of grants is dependent upon WG's capital budgets each financial year. It is not possible to confirm Welsh Government funding in advance of this bidding process.

While it is not possible to predict precisely how much WG funding will be available for transport over the next 15 years, given the importance of transport to economic recovery, it is highly likely that transport grants will continue to be made available to local authorities by WG annually over the lifetime of the LTP and for the foreseeable future. It will be possible to match these grants with funds from the sources mentioned above and also through the various EU structural funds programmes which could potentially contribute towards the delivery of key strategic transport projects such as the Capital Region Metro.

Responsibility for delivery of infrastructure within the adopted highway would rest with the Council. Network Rail has responsibility for implementing infrastructure schemes within the live railway and on operational railway land. Transport infrastructure forming an integral component of new developments will be secured through the planning process and will generally be implemented in conjunction with the site build out.

2. The Committee asks that any new major transport schemes that are proposed by Cardiff Council and the Welsh Government are properly managed with a sensitive progression of schemes that involves proper consultation and reporting phases. The progression of such schemes should pay due heed to property owners with any eventual compensation related payment based on pre blight values. Any compensation criteria and values set should be based on the High Speed Rail 2 'Under Exceptional Hardship Scheme'.

Scheme Consultation

All new major transport schemes will be subject to full public consultation at appropriate stages of their development. This will include consultation with land and property owners who may be affected by proposals and compliance with relevant statutory obligations.

3. Members feel that the Council should, in the absence of an adopted Local Development Plan, take every practical step to protect potential future rapid transport alignments. In doing this they should do all that they can to protect property owners in and around the potential future route. The Committee acknowledges that this could prove to be a difficult task; however, it is something which needs to be considered and planned for well in advance of any potential event.

Protection of future routes and assessment of impacts

Existing approved development plans for Cardiff and Welsh Government planning policy guidance supports the safeguarding of land for future transport use through the planning process. Where transport proposals feature in applications for planning permission, the impacts of proposals upon neighbouring land uses will be assessed through the planning process.

4. Members were pleased to note that rail journeys into the city centre have increased in recent years while the number of similar car journeys has reduced. They believe that this is a very encouraging trend.

Increase in Rail Patronage & Reduction of City Centre Traffic

I enclose a summary of data illustrating the city centre transport trends. The reduction in car travel to the city centre lends credence to the Council's strategy to make the city centre more accessible by sustainable modes, through the provision of better infrastructure.

5. The Committee will be undertaking a joint scrutiny exercise with the Economy & Culture Scrutiny Committee to look at the proposed options for the new integrated transport hub. It is planned that this will take place during late October and early November 2014. I will provide you with details of the format, terms or reference and potential dates when they are available.

Integrated Transport Hub

I would be pleased to attend the Committee's session on the Integrated Transport Hub when this has been scheduled.

6. The Committee noted that it will be very important to link the future Community Infrastructure Levy funding into the proposals made in the Local Transport Plan

Community Infrastructure Levy funding

The Council has approved the way forward for the introduction of CIL in Cardiff and it is expected that it could be adopted towards the end of 2015. This was outlined in the report to Cabinet on 18 September 2014. CIL will ultimately provide an important source of transport funding which can potentially be matched with grant funding and funding for site specific infrastructure through S106 and S278 agreements.

7. Many of the proposed schemes within the Local Transport Plan appear to have been priced despite the greater financial pressures that the Council is experiencing. Members would be interested in finding out how, given Cardiff's limited financial resources, schemes will be prioritised for delivery, for example, where would implementing 59 school safety zones be in terms of priority? The Committee notes the medium to long term costings and looks forward to future scrutiny of the Local Transport Plan in future years.

Prioritisation of Transport Schemes

Significant match funding will be required to deliver the schemes in the Local Transport Plan through grants from Welsh Government and contributions raised through S38/278 and S106 agreements and the Community Infrastructure Levy (CIL). The latest version of the LTP includes a section on how the schemes are prioritised.

The following criteria were used to prioritise the schemes:

- Supports Delivery of the Strategic Network;
- Supports Active and/or Sustainable Travel;
- Supports LDP or Metro or Regional Transport; and
- Deliverability

These priorities reflect and support WG's strategic priorities highlighted in the LTP guidance and the strategic transport priorities of CCC's LDP as expressed in its strategic and detailed transport policies.

Every proposed scheme was scored against each LTP priority using the following 4 point scale:

- 3 Good evidence of support for priority
- 2 Adequate evidence of support for priority
- 1 Poor evidence of support for priority; and
- 0 No evidence of support for priority

The prioritisation methodology resulted in the School Safety Zones being the lowest ranked schemes. However, it is expected that the Welsh Government will continue to provide Safe Routes in Communities and/or Road Safety Grant funding which will enable these schemes to be progressed.

HIGHWAY ASSET INVESTMENT STRATEGY

8. The Committee noted that the overall replacement cost of the Highway Asset was somewhere in the region of £2.8 billion to £3 billion. They were also informed that the repair backlog on its own is £320 million which equates to approximately a third of the Council's gross annual expenditure. Despite an explanation as to how the highway asset can be maintained at steady state level for £7,320,000 per annum the Members struggled with the disparity between the scale of the figures. They feel that further clarification is required as to how much investment is actually required to maintain Cardiff's highway asset in a steady state. Failure to understand the real costs will result in a steady deterioration of the highway asset which would then become prohibitively expensive to maintain or replace.

Investment Required to Maintain Cardiff's Highway Asset

The £2.4bn value relates to the entire highway assets Gross Replacement Cost (GRC) i.e. the estimated cost of **replacing** the existing asset with a new equivalent. The £320m relates to the entire highway assets Depreciated Replacement Cost (DRC) which is the estimated value of cost of physical deterioration of the asset, i.e. how much the asset has deteriorated in value and the cost of **returning** the asset from its current condition to an as new condition.

The steady state investment value of £7.32m relates to a level of investment required to keep the asset in its **current condition** therefore maintaining the DRC at £320m. If funding levels are below steady state the DRC will increase as condition deteriorates. Conversely, if funding levels are above steady state the DRC will decrease as condition improves.

9. Members note that the Local Government Borrowing Initiative Funding ends in March 2015. The Committee feels that the Council urgently needs to identify alternative funding sources to replace the lost monies. This is particularly relevant in the longer term as Cardiff's LDP predicts that new houses and industrial developments will force an increase in the size of the highway asset. Sources such as the Community Infrastructure Levy need to be considered, however, as this limited pool of funding will be subject to many competing wants it is felt that other options have to be explored.

Funding Options

Agreed and further detailed investigation is required. Section 10 of the Investment Strategy examines Funding Considerations and states:

"The level of investment required based on the options selected will vary. However, consideration must be given to the funding mechanisms available to the Council. Investment in the assets discussed in this document could possibly be supplemented by the following sources; however, this must be looked at in detail following selection of investment options and consequent budget requirements."

10. The report included a table which illustrated in detail the breakdown of the highway asset by asset group. This table provided a value to reflect the distance or quantity of each type of asset group; these were supported by a data confidence column which gave descriptions of high, medium or low to reflect how confident the Council are of the information. Members were concerned that certain classes of asset were supported by a low confidence value, for example, they didn't accurately know how many seats or bins formed a part of the highway asset. The Committee understand that there are historical reasons for not knowing exact detail on each asset group, however, at a financially difficult time when alternative delivery options are being considered it is felt that we should have a better understanding of exactly what we manage. This lack of accurate data could undermine the budget setting process and make it difficult to create meaningful service specifications or service level agreements. The Committee would, therefore, ask that a detailed audit is undertaken in the near future to improve understanding of the low confidence asset groups.

Confidence Values for Highway Asset Groups

The list in section 2.1 contains 30 different asset groups, of these 26 have a data confidence levels of medium or high which the service area has worked hard on numerous projects to achieve. The 4 asset groups with low confidence levels are;

- Retaining walls due to ambiguities about location, height and ownership.
- Drainage, information on gullies is good however there is variable data available for the drainage networks and connecting pipework.
- Bins – these are under the control of waste management and when the highways service undertook their network inventory collection exercise the waste management service chose not to participate at that time.

- Seating – This should be classified as medium confidence as it was included in the network inventory collection exercise

It should also be noted that the highway service is in the process of implementing a new highway asset management software solution that will further improve the management and availability of asset data. This is an evolving area of highway maintenance that is providing significant opportunities for efficiency and improvement in service delivery.

11. During the meeting a comment was made that a large number of signs on Cardiff's highway asset were not required, however, they created a maintenance liability. Members feel that there should be a review of street signs and when signs are identified that are no longer required they should be recycled to generate an income.

Review of Street Signs

Agreed, it is proposed that future capital schemes for carriageway and footway improvement will also consider necessary upgrading, rationalising or removal of street furniture.

12. Members noted the difference between capital and revenue funding in the highway asset investment strategy. They felt that there were circumstances where the difference between capital and revenue funding became blurred, for example, at what point does patching a stretch of the highway asset become resurfacing of the road? The Committee feel that they need further clarification on the difference between the two.

Differences between Capital and Revenue Funding

Capital works are permanent repairs that contribute to the overall longevity and improved condition of the asset. For example, a larger carriageway patch that removes an area of deterioration and brings the road up to an acceptable standard. Minor temporary pothole repairs would be considered as a revenue repair.

13. The Committee agree that adopting the steady state funding approach is the best way forward for Cardiff in the current financial climate. The managed decline approach would result in revenue budgets having to increase significantly over time, while the enhanced / ideal state would require significant capital investment in the short term. Adopting the steady state approach would provide a balance between the other options which Members feel would create a suitable financial and political solution. The Committee, therefore, endorse the steady state funding approach.

Steady State Funding

Agreed, a steady state investment will maintain the asset condition at current levels. Revenue investment must remain the same to address reactive repairs.

14. Members noted that the idea of relaxing highway maintenance criteria had been discussed at previous meetings. This was identified as a way to potentially stretch the budget while remaining within nationally acceptable highway maintenance tolerances, for example, increasing the depth at which a highway defect needs to be repaired would mean that in the short term fewer repairs would be required. The Committee would ask that the highway maintenance repair criteria is reviewed to establish if it could

deliver savings while meeting nationally acceptable highway maintenance repair standards.

Highway Maintenance Repair Criteria

Agreed, carriageway intervention levels have recently been relaxed to 30mm. It should be noted that the majority of reactive repairs occur in the footway. However, a previous recommendation to relax the intervention criteria for footways to the national average of 25mm whilst considering a risk based approach to hierarchy was rejected at a senior level.

15. Members were concerned at the frequency with which some foot paths are maintained in Cardiff. In effect large sections of the footway are being managed into decline as little or no maintenance is being planned or delivered. The Committee felt that taking such an approach leaves the Council vulnerable to accident claims made under section 58 of the Highways Act 1980. In an effort to combat this type of claim Members would welcome an increased investment into replacing Cardiff's slab based footway with bitumen based alternatives.

Replacement of Damaged Slabbed Footways

Agreed, the service has adopted a long term strategy of replacing existing damaged slabbed footways with new macadam surfacing which reduces the risk of S58 claims for trips and falls from defective paving.

16. The Committee were concerned that there was only a small budget to support the maintenance of major assets such as bridges in Cardiff. In addition to this there was little if any funding to cover the cost of the major failure of a large capital item, for example, a city centre bridge. Members feel that the Council should review how it would deal with such a large failure and how this would be addressed financially.

Budgets for maintenance of major assets

The cost of bridge replacement was not built into the steady state calculation due to the very high value of individual structures. Specific capital bids will be generated as replacement is required which is informed through programmed structural inspections.

17. Members welcome the longer term planning approach proposed in the Highway Asset Investment Strategy. They endorse this approach over the short term reactive planning that the Council has engaged in for so many years.

Agreed.

I hope you and your fellow Committee members find the above responses helpful.

Yours sincerely,
Yn gwyr,



Councillor / Y Cynghorydd Ramesh Patel
Cabinet Member for Transport, Planning & Sustainability
Aelod Cabinet dros Drafnidiaeth, Cynllunio a Chynladwyedd

Cc to:

Andrew Gregory, Director for Strategic Planning, Highways, Traffic & Transport
Paul Carter, Operational Manager, Transport Strategy & Projects
Matthew Price, Land Use Transport Planner
Matt Wakelam, Operational Manager, Infrastructure
Gary Brown, Operational Manager Highways Maintenance
Andrew Greener, Principal Engineer – Inspection & Assessment
Chris Hespe, Director for Sport, Leisure & Culture
Joanne Watkins, Cabinet Office Manager
Members of the Environmental Scrutiny Committee