

HIGHWAY ASSET MANAGEMENT PLAN - 3 (HAMP)

Purpose of Report

1. To provide Members with the opportunity to consider the draft 'Highways Asset Management Plan' which will inform Cabinets recommendations to Council for the Revenue and Capital 2024/25 and Medium Term budget setting. This document aims to define a strategic long-term approach to highways and other asset maintenance funding.

Structure of the Report

2. Attached to this report are:
 - **Appendix A** - Cabinet Report
 - Appendix A1 – HAMP – 2 (approved in February 2012)
 - Appendix A2 – Highways Asset Management Plan – 3 (HAMP)

Scope of the Scrutiny

3. During this scrutiny, Members have the opportunity to explore:
 - The draft HAMP

Background (Points 2 – 12)

4. Highways and associated assets include:
 - Adopted public realm,
 - Carriageways,
 - Footways,
 - Drainage
 - Intelligent Transport Systems

- Street Furniture,
 - Road Markings,
 - Street Lighting and
 - Structures e.g., bridges, subways, tunnels
5. When the previous Highways Asset Investment Plan was considered by the Environmental Scrutiny Committee and subsequently adopted by the Council in 2016 a 'steady state' of funding was agreed to maintain resources in their current condition, therefore ensuring no deterioration but also no improvement, as it was deemed that this would be the best long term economic solution. However, this may not be possible in the current economic climate.
6. The principle behind the HAMP is to:
- Formalise strategies for investment in Highways asset groups.
 - Define service standards.
 - Improve how the Highways asset is managed.
 - Ensure the most effective service is delivered within available resources.
7. It is also intended that the HAMP aligns with the aspirations of the corporate priorities of Stronger, Fairer, Greener (SFG) which supports the One Planet Cardiff strategy. To achieve this synergy the HAMP will:
- where possible - develop a low carbon response to Highway maintenance.
 - Maximise the integration of sustainable mode use on the Highway.
 - Regard the Highways within the wider context of creating high quality public realm, based on placemaking, greening, accessibility, and design quality
8. A number of methods are noted that emphasize the aims of the HAMP. The approaches are, and further detail can be found in **point 7** :
- a. Placemaking
 - b. Low carbon
 - c. Sustainable transport
 - d. Greening
 - e. Sustainable Drainage Systems (SuDS)
 - f. 15-minute city ideas
 - g. City centre and local centre public realm

9. The report notes key legislation to be take into consideration are **Section 41** of the **Highways Act 1980** and the **Wellbeing of Future Generations (Wales) Act 2015**. Further information is provided under the **Legal Implications**

Issues (Points 13 – 69)

10. The city's assets are inspected on a safety first, risk based approach, however in the city centre of the Capital of Wales areas of status using superior materials may need greater inspections to maintain the area as these materials will be more costly to repair/replace
11. The costs needed to maintain the approved 'steady state' of maintenance in 2016 have been recalculated to take into account the cost-of-living increases that are currently affecting the UK.
12. Table 1 below shows the cost of carriageway and footway build/treatment, per square metre, between 2020/21 and 2022/23 and demonstrates an average increase of around **56%**:

Table 1

| Carriageway m2 rate | | | | |
|--------------------------------|------------------|------------------|------------------|-------------------------------|
| Financial Year | 2020-2021 | 2021-2022 | 2022-2023 | % difference 2021-2023 |
| Reconstruction | £115 | £130 | £185 | 61% |
| Strengthening | £30 | £35 | £45 | 50% |
| Resurface inlay/overlay | £17 | £22 | £27 | 59% |
| Micro Asphalt | £9 | £11 | £13 | 45% |
| Footway m2 rate | | | | |
| Financial Year | 2020-2021 | 2021-2022 | 2022-2023 | % difference 2021-2023 |
| Reconstruction | £75 | £85 | £125 | 66% |
| Renew surface course | £42 | £50 | £65 | 55% |
| FW Micro Asphalt | £7 | £9 | £11 | 57% |

13. If the 56% increase is applied to the investment options that were presented in 2016 the 'steady state' investment required rises from £7.3m to £11.4m i.e., an additional £4.1m, which is shown in shown in table 2.

Table 2

| Overview of Investment Options | | | | | | |
|--------------------------------|--------------------------------|--------------------------------|---|----------------------|------------------|--------------------------------------|
| Asset Group | 2015/16 Revenue Budget (£,000) | 2015/16 Capital Budget (£,000) | Future Capital Investment Option Costs (2016) | | | Adjusted Steady State Value for 2023 |
| | | | Managed Decline (£,000) | Steady State (£,000) | Enhanced (£,000) | |
| Carriageways | £450 | £850 | £850 | £3,075 | £5,175 | £4,797 |
| Footways | £790 | £595 | £470 | £2,360 | £3,810 | £3,681 |
| Drainage | £400 | 0 | 0 | £160 | £160 | £250 |
| Street Furniture | £33 | 0 | 0 | £125 | £125 | £195 |
| Street Lighting | £585 | £270 | £300 | £1,200 | £1,200 | £1,872 |
| Structures | £320 | £500 | £0 | £400 | £400 | £624 |
| Total | £2,578 | £2,215 | £1,620 | £7,320 | £10,870 | £11,419 |

14. The following table highlights the funding gap between the current funding and the estimated requires funding of the 'steady state'.

| Gaps Between Steady State, Current and Estimated Future Funding | | | | | | | | |
|---|----------------|--------------------------------------|-----------|---------|---|--|--|--|
| Asset | Funding source | Annual Funding - £k | | | Steady State Requirement (11,419 total) | Current 2023-24 Funding Gap between current funding & Steady State | Funding Gap between 2024-25 funding & Steady State | Funding Gap between 2025-26 funding & Steady State |
| | | Current | Estimated | | | | | |
| | | 2023-24 | 2024-25 | 2025-26 | | | | |
| Carriageways | capital | 3,350 (+2,000 additional funding) | 3,350 | 3,376 | 4,797 | -553 | 1,447 | 1,421 |
| Drainage | capital | 30 | 230 | 180 | 250 | 220 | 20 | 70 |
| Footway | capital | 880 | 595 | 595 | 3,876¹ | 2,996 | 3,281 | 3,281 |
| Street Lighting | capital | 1,000 | 1,070 | 270 | 1,872 | 872 | 802 | 1,602 |
| Structures | capital | 924 | 1,100 | 1,100 | 624 | -300 | -476 | -476 |
| Total Gap between Annual Funding & Steady State | | | | | | 3,235 | 5,074 | 5,898 |

1 – Footway funding includes £195k for Street Furniture

2- Future Steady State funding requirements will be subject to industry inflationary & other increase

15. In the financial year **2023/24** an additional **£2m capital** monies has been made available. Capital funding can only be used to undertake 'repairs and replacement' owing to strict financial control measures.
16. This additional funding will be used to support the asset/s in greatest need i.e. carriage ways that have declined noticeably and need investment, in the following priority order:
 - Principle roads – e.g. A4232, A48
 - Main distributor roads – higher trafficked roads
 - Secondary distributor roads – unclassified high use roads
 - Estate roads that are showing the highest deterioration
17. Whilst additional capital funding has been made available pressure remains on the revenue budget. This usually has an impact on service provision, for example
 - Reactive Highway Safety Repairs (**points 25 – 29**)
 - Replacement of Road Markings and Traffic signs (**points 30 -33**)
 - Traffic Signs (**points 34 – 37**)
 - Painting of highway structures (**points 38 – 40**)
 - Gully emptying and sweeping highway channels (**points 41 – 43**)
 - City Centre, Local Centres and Bay (**points 44 – 47**)
 - Asset growth (**points 48 &49**)
 - Traffic growth (**point 50**)
 - Changing environmental conditions (**points 51 – 54**)
 - Carriage way condition benchmarking (**points 55 – 58 & tables 4-6**)
 - Carbon reduction (**points 59 – 66**)
 - Customer demand (**Points 67**)
18. The conclusion in relation to the issues raised is that in light of increasing costs and reducing budgets. It is likely that the fewer repairs and improvements will be undertaken resulting in an increased in 3rd party insurance claims and customer satisfaction falling.

Financial Implications

19. **Points 72 – 79** set out the identified budget gap as detailed in the body of the report financial implications will be provided as detailed proposals are brought forward.
20. It notes the alternative external sources of funding must be sought to ‘close the gap’
21. The requirement to ensure that capital and revenue spend is in line with inspection policies, needing to rank works as necessary.
22. An additional £2m capital funding has been awarded in 2023/24.

Legal Implications

23. **Points 80 – 92** set out the legal requirements in relation to the that that council needs to take into consideration which include:
 - Specifically, duties under **Section 41** of the **Highways Act 1980** to maintain highways which are maintainable at public expense.
 - **Well- Being of Future Generations (Wales) Act 2015** and in particular **Part 2** – Improved Well-being, **Section 5** – the sustainable development principle i.e. ensuring have a negative long term impact.
 - And in general duties with regard to the **Equality Act 2010**, the, **Welsh Language Measure (Wales) 2011** and Welsh Language Standards.

HR Implications

24. No HR implications are noted in **point 93**

Property Implications

25. No property implications are noted in **point 94**

Previous Scrutiny

26. The Environmental Scrutiny Committee considered the previous Highways Investment Strategy on 9th September 2014 and again on 17th May 2016
27. At its meeting on the 9 September 2014. A paper titled ‘Highway Asset Management Strategy’ was received by the Committee as a part of a pre decision scrutiny prior to it being presented at Cabinet for a decision.

28. Following the meeting on the 9 September the Committee sent a letter to the Cabinet Member for Transport, Planning & Sustainability. The main Member comments and observations of this letter were that:

- The overall replacement cost of the Highway Asset was somewhere in the region of £2.8 billion to £3 billion. Members were informed that the repair backlog on its own is £320 million, approximately a third of the Council's gross annual expenditure;
- Despite receiving an explanation as to how the highway asset can be maintained, Members felt that further clarification was required about the level of investment actually required to maintain Cardiff's highway asset in a steady state;
- The Committee felt that the Council urgently needed to identify alternative funding sources to replace the loss of the LGBI;
- Members felt that there should be a review of street signs, and that signs that are no longer required should be recycled to generate an income;
- The Committee agreed that adopting a steady state funding approach was the best way forward for Cardiff in the current financial climate;
- The Committee was concerned that there was only a small budget to support the maintenance of major assets such as bridges in Cardiff. Members felt that the Council should review how it would deal with such a large failure and how this would be addressed financially.

RECOMMENDATIONS TO CABINET

29. Cabinet is recommended to:

- i. To note the current state of the Highways Asset Management Plan - 3 (HAMP) which will inform the Cabinet's recommendations to Council for the Revenue and Capital 2024/25 and Medium-Term budget setting process.
- ii. Approve the expenditure of £2Million funding within 2023/24 budget against the carriageway asset as identified in this report to limit ongoing deterioration concerns relating to carriageways.

WAY FORWARD

30. Cllr Dan De'Ath, Cabinet Member for Transport & Strategic Planning and Andrew Gregory, Director of Planning Transport & Environment have been invited to make a statement and answer Member's questions. They have been asked to make a brief presentation followed by Member's questions.

Legal Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i. Consider the information in this report, and the presentation and any further information presented at the meeting; and
- ii. Determine whether they would like to make any comments, observations or recommendations on this matter to Cabinet.

DAVINA FIORE

Director of Governance & Legal Services

4th May 2023