

# Report



## Deputy Leader and Cabinet Member for City Services and Member Development

---

### Part 1

Date: 10 September 2020

**Subject** Newport City Council Highway Asset Management Plan 2019-2024

**Purpose** To advise the Cabinet Member of the content of the Highway Asset Management Plan

**Author** Head of City Services

**Wards** All Wards

**Summary** The development of a Highway Asset Management Plan (HAMP) is fundamental to demonstrating the value of highway maintenance in delivering the wider objectives of corporate strategy, transport policy and ensuring value for money maintenance decisions. It contains asset value, depreciation and maintenance backlog figures to inform future funding and maintenance strategies. It seeks to provide a structured approach to highway maintenance to enable Newport as highway authority to operate, maintain and restore assets to meet key performance requirements.

**Proposal** That the Cabinet Member for City Services considers the options provided within this report regarding the proposed adoption of this management plan by the council.

**Action by** Head of City Services

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Finance
- Head of Law & Regulation
- Head of People & Business Change
- Strategic Director - Place

**Signed**

## Background

The City's highway network is the Council's largest and most valuable asset currently recorded as having a replacement cost of £1.1bn.

With continued traffic growth and acknowledged national underfunding, the consequences of long term underinvestment in asset condition and the impact on network safety, serviceability and sustainability is widely recognised.

The highway is a key community asset supporting both the national and local economy, but its contribution extends far wider than transport. It is fundamental to the economic, social and environmental well-being of communities, aids regeneration and promotes social inclusion, safety and health.

## Plan Content and Objectives

The development of a Highway Asset Management Plan (HAMP) is fundamental to demonstrating the value of highway maintenance in delivering the wider objectives of corporate plans, transport policy and ensuring value for money maintenance decisions. It contains asset value, depreciation and maintenance backlog figures to inform future funding and maintenance strategies.

It seeks to provide a structured approach to highway maintenance to enable Newport as highway authority to operate, maintain and restore assets to meet key performance requirements.

The plan enables the consideration of asset investment strategies, budget setting and service levels to ensure statutory duties are delivered.

It is therefore necessary to anticipate the future condition of assets and to establish an investment plan that delivers the required outcomes.

The plan sets out the council's objectives for the management of the assets for the next 5 years against expected deterioration rates, demands, usage and supports informed decisions around targeted improvement and the timely planning of maintenance

The plan recognises and addresses the following highway asset groups:

1. Carriageways
2. Footways
3. Structures
4. Streetlights
5. Traffic Signals
6. Drainage

The Plan sets out the current gross replacement, depreciated replacement and annual depreciation costs of these highway assets and focuses on the main demands, expectations and risks to the asset and service delivery

Assets not covered within the plan are:

1. Car Parks
2. Trees and soft estate
3. Street Furniture
4. Non adopted highway and land

These asset groups are currently under review and the plan will be updated with current gross replacement, depreciated replacement and annual depreciation costs together with main demands, expectations and risks to the asset and service delivery

## Asset Value

The current gross replacement cost of the highway asset has been calculated at £1.1bn, depreciated replacement cost of £938m (cost to return assets to whole life from the existing condition) and an annual depreciation cost of £11.5m.

Current maintenance backlog is calculated at £63.5m for Newport. This picture is mirrored by most highway authorities in England and Wales

The plan sets out the actual and assumed capital/revenue funding over the term of the plan. Funding streams are currently Newport City Council capital funding and Welsh Government grants.

## Challenges and Risks

The main identified demands and risks within the plan are:

- Current funding levels fail to maintain a minimum of steady state and highway asset condition continues to decline
- Increasing levels of vehicular traffic using the city highway network over the term of the plan accelerating asset deterioration
- With Newport on the rise, housing development will continue to deliver increasing highway assets maintainable at public expense
- Pressures as a result of the effects of climate change will affect the way we manage and maintain the highway asset
- Heavy reliance on Welsh Government capital funding to support a serviceable highway network condition

## Financial Summary

There are no direct additional costs arising from this report, however as the HAMP highlights, while there are substantial amounts of both capital and revenue invested in maintaining the highways assets (see tables below); this is not sufficient to address the maintenance backlog, therefore there is heavy reliance on Welsh Government providing additional grant support.

### Five Year Capital and Revenue Funding Projection

Anticipated Capital Budget £k				
2019/20	2020/21	2021/22	2022/23	2023/24
£3.13m	£1.21m	£500k	£500k	£500k

Anticipated Revenue Budget £k				
2019/20	2020/21	2021/22	2022/23	2023/24
£1.86m	£1.86m	£1.86m	£1.86m	£1.86m

## Links to Council Policies and Priorities

This proposal supports the Corporate Plan 2017-22 and the Well-being Plan 2018-23.

Capital Strategy

### Corporate Plan

Objective 2 – To promote economic growth and regenerations whilst protecting the environment

Objective 3 – To enable people to be healthy, independent and resilient

### Well being Plan 2018/23

Objective 4 – Newport has healthy, safe and resilient environments

## Options

**Option1:** Cabinet Member for City Services considers the options provided within this report and supports the adoption of this management plan by the council

**Option 2:** Cabinet Member for City Services considers the options provided within this report and does not support the adoption of this management plan by the council

## **Preferred Option and Why**

**Option1:** Cabinet Member for City Services considers the options provided within this report and supports the adoption of this management plan by the council

Adoption of the Highway Asset Management Plan enables the authority to demonstrate sound and effective custodianship of the highway asset, the value of highway maintenance in delivering the wider objectives of corporate strategy, transport policy and ensuring value for money maintenance decisions are taken to maximise the benefits of available funding.

### **Comments of Chief Financial Officer**

There are no direct financial implications arising from this report, however the report does highlight the significant value of the Council's highways asset and the revenue and capital investment that is required to maintain the asset, noting that this does little in way of dealing with the maintenance backlog.

Any increase on capital budgets will have a subsequent impact on the revenue costs of the Council through the borrowing and interest costs that are occurred. Therefore, while the Council has a Medium Term Financial gap, the ability to significantly increase capital budgets and therefore capital financing costs is limited and therefore alternative funding sources such as Welsh Government grants are a key support in the maintenance of the highways asset.

### **Comments of Monitoring Officer**

The proposed Highway Asset Management Plan will provide a framework for future maintenance and investment in relation to highway infrastructure and will enable the Council, as local highway authority, to demonstrate that it is meeting its statutory duties and maintaining and restoring highway assets in accordance with strategic objectives and key performance requirements. The Council has a statutory duty under section 41 of the Highways Act 1980 to ensure that adopted highways are maintained in a safe condition and a reasonable state of repair. In order to discharge this duty, the Council is required to adopt a reasonable system for the classification, prioritisation, inspection and repair of highways under section 58 of the Act. The HAMP will inform this process and ensure that repairs, maintenance and investment in highway assets are carried out in a structured and consistent manner. The HAMP will also inform future funding and maintenance strategies and will link into the priorities and objectives set out in other strategic policies, including the Corporate Plan, the Transport Plan and the Council's well-being objectives.

### **Comments of Head of People and Business Change**

The Highway Asset Management Plan sets out a preventative, long-term, structured approach to highway maintenance which will support the well-being of communities across the city.

This report has fully considered the Well-being of Future Generations (Wales) Act 2015 and the Equalities Act 2010. In addition, an Equality Impact Assessment is contained in the appropriate section of this report.

There are no HR implications to consider for this report.

### **Local issues**

N/A

### **Scrutiny Committees**

The council's Performance Scrutiny Committee considered the draft Highway Asset Management Plan and made the following recommendations/observations:

a) Concerns were expressed above regarding the Anticipated Five Year Funding levels allocated in the Appendix A of the Draft Highway Asset Management Plan 2019-24.

b) Concern was expressed at the £1.5M Annualised Depreciation costs for Footways and Cycleways and the projection of the target for “% in poor condition (red condition)” increasing from 1% in 2019 to 5% in 2024. It was suggested that consideration be given as a priority for the allocation of funding to avoid this projected decline in condition and links to Well-being and Active Travel Plan encouraging people to walk and cycle be explored.

c) Given the increased in use of Management Companies in new developments, Members suggested in order to clarify accountability for Highways Services / Assets it would be useful to have a contact list for Management Companies for the related developments for ease of directing residents appropriately when queries were received.

## Equalities Impact Assessment and the Equalities Act 2010

Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: 1. Promote equal opportunity 2. Promote community cohesion 3. Help eliminate unlawful discrimination/ harassment/ victimisation?
	Positive	Negative	Neither	
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Gender reassignment/ transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Marriage or civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No impact
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Religion or Belief or non-belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Sex/ Gender Identity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No Impact

Protected characteristic	Impact:			Provide further details about the nature of the impact in the section below. Does it: <ol style="list-style-type: none"> <li>Promote equal opportunity</li> <li>Promote community cohesion</li> <li>Help eliminate unlawful discrimination/ harassment/ victimisation?</li> </ol>
	Positive	Negative	Neither	

## Children and Families (Wales) Measure

N/A

## Wellbeing of Future Generations (Wales) Act 2015

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
Balancing short term need with long term needs	<p>This proposal will be supporting the long-term social, economic and environmental well-being for future generations</p> <p>It will help to create a city that residents are happy to reside in, now and in the future.</p>
Working together to deliver objectives	This proposal will enable the authority to focus on stakeholder concerns around the highway asset condition and perceptions of safety whilst supporting other council objectives in social, economic and environmental well-being.
Involving those with an interest and seeking their views	Highway Maintenance is a statutory duty on the council as highway authority.
Putting resources into preventing problems occurring or getting worse	<ul style="list-style-type: none"> <li>This proposal has the capacity to directly improve the social, economic and environmental wellbeing of the residents and visitors to the city.</li> <li>Promote active travel (walking and cycling) throughout the city</li> <li>Promotes good asset condition that supports highway network safety, serviceability and sustainability</li> </ul>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? Describe how.
Considering impact on all wellbeing goals together and on other bodies	<ul style="list-style-type: none"> <li>• <b>A prosperous City</b> This proposal will have the following impact : <ul style="list-style-type: none"> <li>• Promote active travel including cycling and walking</li> <li>• Supports the national and local economy, city expansion and jobs growth</li> </ul> </li> <li>• <b>A resilient City</b> <ul style="list-style-type: none"> <li>• Minimize maintenance cost over time</li> <li>• Promote active travel (walking and cycling) throughout the city</li> <li>• Maximise community and environmental value</li> </ul> </li> <li>• <b>A healthier City</b> This proposal will have the following impact: <ul style="list-style-type: none"> <li>• Promote a safe and accessible highway environment for all users</li> <li>• Promote active travel (walking and cycling) throughout the city</li> </ul> </li> <li>• <b>A more equal City</b> The proposal will apply to all stakeholders</li> </ul>

<b>A City of more cohesive communities</b>	This proposal will have the following impact: <ul style="list-style-type: none"> <li>• Promote perceptions of highway safety in all our city communities</li> <li>• Promote well connected communities through well maintained highway links that support public transport and essential services</li> </ul>
<b>A City of vibrant culture an thriving Welsh Language</b>	The proposal will have the following impact: <ul style="list-style-type: none"> <li>• Promote the Welsh Language by ensuring all business is conducted in both the English and Welsh medium</li> </ul>
<b>A globally responsible City</b>	Reduction of the amount of carbon dioxide through well maintained assets, timely delivered preventative maintenance and use of innovative materials and treatments
<b>Crime and Disorder Act 1998</b>	Well maintained assets could have the ability to improve perceptions of safety and deter anti-social behaviour. Subsequent releasing of Police resources, the authority will be meeting its duty under Section 17(1) of the Crime and Disorder Act 1998 to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area

## Crime and Disorder Act 1998

As above

## Consultation

N/A

## Background Papers

Dated: 2 September 2020