

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

15th September 2020

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REPORT TITLE: Capital Schemes in Highways

REPORT FOR: Decision

1. Purpose

The Capital Strategy was agreed at Full Council in February with the final business cases being approved more recently by Cabinet and EMT. The Highways capital proposals that were set out in the Capital Strategy, included:

- HAMP £5m per annum for the next 10 years
- Street lighting £1m per annum for the next 10 years
- Structures including Bridges £0.5m per annum for the next 10 years (excluding essential works in excess which will be billed separately)

In recent weeks however, the Section 151 Officer asked that services to reconsider their capital programmes with the view to paring them back; to support the financial position (i.e. less capital reduces the cost of borrowing).

This report provides an update about the capital requirement for Highways and confirms what other funding is available in 2020/21.

2. Capital Requirements

HAMP

The HAMP business case makes the case for an additional amount of funding of £7.75M per year over and above the £1.5m Core Capital and £1.5m Structural Maintenance, to maintain a steady state of repair to its highways. The business case explored alternative options; a Do minimum option of £4M (maintaining the rate of deterioration we currently have), and a Do Something more option of £10m (to improve the condition of the network and work towards the Welsh road condition average). Whilst the £5m HAMP approved by Cabinet and set out in the Capital Strategy will slow the rate of the deterioration, it will nonetheless continue to deteriorate, and the service's Road Condition performance indicator will continue to widen from the Welsh average. To note, Powys is currently ranked 22nd for its road condition.

As a service we have therefore been progressing based on the £5M indicated in the agreed budget and pulled together a reduced programme to reflect this. However, in light of the £1.5m roads grant and due to the exceptional circumstances that have occurred this year including Storm Dennis and Covid, we have made the decision to delay £2.6m of programmed works, due to both resource issues and to reflect the request of the Section 151 officer.

The programme has therefore been pared back to equate to the Do minimum position described above, if we include and take account of this year's £1.5m WG grant funding, totalling £3.9m (£2.4m HAMP plus £1.5m WG).

With the £1.5m Core Capital and £1.5m Structural Maintenance this year's investment totals £6.9m.

This year we therefore require £2.4M of HAMP funding and we ask that the delayed programme of £2.6M is rolled forward and split across the next 2 future years (to allow HGSS to maximise their in-house contribution) £1.3m in 21/22 and £1.3m in 22/23.

It is understood that the Council's capital strategy will be reviewed in its entirety in due course and this requested roll forward will form part of that review.

We do not recommend reducing this further as it would take us below the Do minimum position, and would have more serious consequences such as HGSS income, the current revenue budget would be pressurised with increased defects, the risk of 3rd party claims would increase and it impacts on all future sites in delaying them (cost increases would be additional deterioration and inflation).

Structures

The Service have based this year's programme on the £500K indicated at budget settlement.

With regards the bridges, we have had to bring forward the Llangrwny Bridge from 2023/24 to this year, as it has been closed due to its deteriorating condition, and we have consequently delayed Ty Mawr bridge.

Recently, two structures (Pennant Pound & Gwern-y-Gaufronhave) on the B4355 between Dutlas and Lloyney have been severely damaged and the road is presently closed. We will try and manage this within the budgeted funding, by re-prioritising some HAMP/Core funding.

It should be noted that our bridge stock is also deteriorating and whilst there is no public account measure for structures, climate change continues to increase the risk of significant events occurring and structures being damaged.

We do not see that we can reduce this funding further.

Glasbury Bridge which carries the A438 Class 1 road over the River Wye has been identified as a pipeline scheme and will probably need to be replaced within the next 5 to 8 years; with a current estimate of £6m+. It may also need significant interim structural maintenance works to arrest its condition, and we will begin to prepare a specific capital business case for this structure. It is requested that this estimate is added to the Capital Strategy as part of the ten year plan and will be highlighted within the Integrated Business Plan.

Street Lighting

The use of capital funding, £1m per annum, is linked to savings as well as replacing a worn-out asset that is beyond its life. As we replace lights, we will re-design lighting and will take the opportunity to reduce lights where we can and upgrade to include the capacity for part-night lighting in all units (revenue savings).

The service could manage with less resource, but this then slows down the upkeep and replacement of the asset and slows down the delivery of savings. We do not presently see that we can reduce this without impacting on the savings but will monitor as we progress through the year.

The current level of revenue savings for street lighting is profiled as £200k (21/22) in addition to the £49k that has been rolled forward to this year. These savings are interdependent on the capital investment above. The estimated 200k (21/22) will however need to be reviewed and potentially reprofiled.

3. Resource Implications

The Head of Finance (Section 151 Officer) has acknowledged the reduced borrowing requirement in the HAMP for 2020/21 as part of the request for Services to review their capital programme to enable the Council to reduce its capital borrowing. It is suggested the decision to roll forward this unused budget is made as part of the wider future Capital discussions by EMT and Cabinet in September.

4. Legal implications

The Monitoring Officer has no specific concerns with this report.

5. Comment from local member(s)

This report relates to service areas across the whole county.

6. Integrated Impact Assessment

No impact assessment is required

7. Recommendation

- That the contents of this report are noted and the reduced capital funding for the Hamp is actioned as a virement with the decision about reprofiling the £2.6 million or reducing the overall programme made by EMT / Cabinet in September.
- The Capital requirement for Glasbury Bridge is included in the Capital Strategy

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