

# Title of report: Highway Capital Equipment Expenditure

**Decision maker: Cabinet Member – Infrastructure and Transport**

**Decision date: 1 June 2022**

**Report by: Parking Strategy & Processing Manager**

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

To approve capital expenditure to the value of £548k in order to scope, commission and deliver schemes as outlined in this report which includes purchase of highway plant equipment, and necessary works associated with the feasibility, design and implementation of on street parking measures and moving traffic enforcement.

To progress the capital programme approved by council for 2022/23 and to agree the delegation of operational decisions in order to progress these projects.

## **Recommendation(s)**

**That:**

- a) The budget of £548k identified in the approved capital programme for 2022/23 is allocated towards the following schemes;**
  - a. Moving traffic enforcement £100k**

- b. On street parking scheme £100k
  - c. Purchase of new fleet/plant £343k
  - d. Kington car parking £5k
- b) The Operational decision making regarding the expenditure towards the outlined schemes is delegated to the Interim Director Highways and Transport in consultation with the Cabinet Member – Infrastructure and Transport and Section 151 officer.

### Alternative options

1. Not to approve expenditure. This is not recommended as this would result in failure to deliver [agreed schemes](#) in accordance with the budget as agreed by full council.

### Key considerations

2. As part of the council's budget setting process for 2022/23 a number of proposals were considered that would reduce expenditure or generate income whilst also delivering its strategic objectives. This report sets out the decision to allocate designated capital to implement the schemes approved during the budget setting process which will either reduce spend or generate income deriving from highways functions.
3. Whilst this decision is seeking approval to allocate the agreed capital budget, within the capital programme, against the individual schemes further governance decisions will be required for each project and in accordance with the council's constitution. This will also relate to compliance with regulation for the implementation of any parking proposals and taking on the powers for moving traffic enforcement. Further governance will set out each scheme, and the reasons for implementing it, for a decision to be taken.
4. Further details about each of the schemes are set out below.

### Moving Traffic Enforcement (MTE)

5. A total of £100k has been designated for the delivery of a moving traffic enforcement scheme to be operated by the council which will include the procurement of cameras and associated infrastructure required to undertake this enforcement. This scheme is identified in the council's adopted 3 year Medium Term Financial Strategy (MTFS) savings proposals as S10 that it will generate surplus income of £59k over the period 2022/23 – 2023/24 (see details [here](#)).
6. The Department for Transport (DfT) have provided statutory guidance to Local Authorities that wish to undertake these powers of the action required to obtain them. This includes a site audit of the proposed locations, a full 6 week consultation and approval from the Chief of Police.
7. Public consultation and an audit of the proposed sites has already been undertaken and a study is underway which will inform the business case; this work has been delivered within directorate resources.
8. If there is a clear business case for the introduction of MTE a further cabinet member decision will be taken later in the year in order to apply for the powers from the DfT where parliamentary time will be allocated to consider this. This subsequent governance decision will confirm the initial scope of the scheme and the preferred implementation in terms of internal or external resourcing, and the route to procurement. This will be subject to consultation with the cabinet member and the chief finance officer (Section 151) where the business case will be approved before any commitment to spend.

9. In the event that approval is secured to proceed an operational decision will be progressed for the procurement of camera systems and any external delivery (operational management of the equipment and/or back office processing) in line with the council's Contract Procedure Rules. Any operational decisions will be subject to the appropriate internal consultations.

#### Hereford On Street Parking Review

10. In order to deliver the council's adopted parking strategy to manage car parking in and around the city centre, it is necessary to review and consider an extension to the current on street pay and display areas for on street parking. This includes scope to extend the geographical area of charging and/or the charging structure for the current scheme. In addition, this scheme is identified in the council's adopted 3 year Medium Term Financial Strategy savings proposals as S9 that it may generate surplus income of £41k over the period 2022/23 – 2023/24 (see details [here](#)).
11. £100k of the capital budget set aside by full council in February 2022 will be required to order to deliver this work including feasibility and business case, Traffic Regulation Order (TRO) designs, consultation or legal processes, and (if decided) the installation of machines at new locations.
12. The scheme will commence with a delegated officer decision to procure the scoping, design and Traffic Regulation Order work (including both informal and formal consultation), and consider objections in accordance with the established council parking strategy. A further report will then be brought forward to consider the implementation of the scheme including the procurement of any necessary infrastructure to deliver any agreed scheme.

#### Invest to Save – Purchase of council owned fleet / plant equipment

13. The council incurs annual charges associated with the hire of equipment that is frequently used and therefore it is an 'invest to save' to purchase these items when the capital cost is assessed against the life of such equipment so that it delivers a revenue saving across the life of the equipment.
14. This investment will be subject to a full procurement process that will identify exact costs associated with the purchase of the individual equipment items, so that these can be assessed against the business case. A total of £343k has been set aside as part of the council's budget setting process in order to deliver this scheme.
15. The plant and equipment to be considered are;

Plant Item	Qty	Capital Cost	Pay Back Period	Potential savings over lifetime of Asset
JCB High Lift Dumper 1T	2	15,000	4.5 years	£50,250
Kubota Excavator Digger 2.7t U26-4	3	70,000	5.5 years	£89,500
Chipper	1	18,000	3.5 years	£12,325
Compact Sweeper	3	240,000	5 years	£72,550

16. Prior to the commission of any contract to procure any new plant equipment a full business case is to be developed with ongoing revenue implications. As part of the delegated decision to approve any expenditure this business case will be approved by the council's Section 151 officer.

#### Kington car park charges

17. This scheme is identified in the council's adopted 3 year Medium Term Financial Strategy savings proposals as S7 with the anticipation that it will generate surplus income of £22k during 2022/23 (see details [here](#)). However, the cabinet member has [deferred the decision to introduce the charges at the car parks](#), in consideration of the feedback from the town council and local stakeholders during consultation. As such it has been agreed that this savings target (S7) is also deferred.
18. In the event that further off street charges are progressed in Kington capital funds of £5k will be required for the delivery of the scheme. If a scheme is not progressed this amount could be returned to the capital programme for re-allocation.

#### **Community impact**

19. Capital funds have been made available and approved as part of the council's 2022/23 budget setting process.
20. Further considerations regarding the specifics of implementing each scheme will be set out in future governance decisions.

#### **Environmental Impact**

21. This report approves authority for expenditure towards proposed schemes rather than an approval for the schemes themselves. Therefore, the environmental impact of each will be set out in further governance decisions as they are considered.

#### **Equality duty**

22. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

23. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of

services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

## Resource implications

24. As part of the council's budget setting process for the 2022/23 budget it was approved that £548k budget is to be provided in order to deliver the potential savings schemes as outlined. The savings outlined in the business cases, to be prepared, will repay this borrowing over the life of those assets, either from an increase in income or a reduction in costs such as rental fees. The details of this will be confirmed in the record of officer decision once procurement, in line with the Contract Procedure Rules, has taken place and full costs are understood so that the repayment of borrowing can be assured.
25. A full business case will be provided in each case, as required, prior to any operational decision in relation to the commitment of any financial resources. These are currently subject to full analysis and survey work to gain an understanding of the revenue implications of each element.
26. Any revenue costs will be managed within the existing budgets for the equipment currently being used, taking into account repayment of borrowing. Or where the equipment will increase income, some income will be set aside for maintenance as well as repayment of the borrowing costs. This detail will be provided through the business case development.

Capital cost of project	2022/23	2023/23	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>Moving traffic enforcement</i>	100	0	0	0	100
<i>Hereford on street parking review</i>	100	0	0	0	100
<i>Purchase of council owned fleet / plant</i>	343	0	0	0	343
<i>Kington car park charges</i>	5	0	0	0	5
<b>TOTAL</b>	<b>548</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>548</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>Capital borrowing – funded from return on investment</i>	548	0	0	0	548
<b>TOTAL</b>	<b>548</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>548</b>

## Legal implications

27. This is an Executive function under the Council's Constitution Part 3 Section 3 as it is a key decision and which in the opinion of the monitoring officer is likely to be significant having

regard to the strategic nature of the decision and/or whether the outcome will have an impact for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards in Herefordshire) affected. It is also likely to result in the council incurring expenditure which is, or the making or savings which are, significant having regard to the Council's budget for the service or function concerned. The leader has delegated this key decision to the Cabinet Member Infrastructure and Transport as it relates to their portfolio.

28. Setting of the budget and the general delegation arrangements is the responsibility of the Council as referred to in the table of functions at Part 3 Section 1 of the Constitution and laid out in The Local Authorities (Functions and Responsibilities) (England) Regulations 2000/2853. As per paragraph 2 to this report the Council's budget setting process for 22/23 considered a number of proposals for reducing expenditure/generating income whilst delivering on the strategic objectives. This report allocates the designated capital to implement the schemes approved during the budget setting process.
29. The Cabinet member transport and regulatory services has delegated authority from Cabinet in exercise of its functions under Part 3 Section 3 of the constitution for allocating the agreed capital budget.
30. There are no legal issues with the Cabinet member doing what is proposed.

## Risk management

Associated risks are set out in the table below, all of which will be managed by the services concerned with the project with support from the Project Management Office (PMO).

<b>Risk / opportunity</b>	<b>Mitigation</b>
<p><u>Moving Traffic Enforcement</u> The income from Penalties as a result of spending the capital may take longer than expected to recover the initial expenditure.</p> <p>The capital amount approved as part of this decision may constrain the size of the scheme.</p> <p>Technical faults with existing TRO infrastructure may be discovered as part of the project delivery which may result in additional expenditure.</p>	<p>A third party expert consultant has been contracted, using existing revenue budget, in order to assess the level of contravention expected. This information will be compiled into a business case for sign off by the Section 151 officer prior to any commitment to spend.</p> <p>The maximum agreed budget of £100k will be met, with any additional fund required for the project being subject to further governance.</p> <p>A full site audit has been commissioned using existing revenue budgets in order to make this assessment prior to the commitment to spend.</p>
<p><u>Hereford On Street Parking Review</u> The income generated as a result of implementing any scheme may be lower than expected.</p>	<p>The purpose for delivery of this scheme is to meet the councils strategic objectives in relation to parking demand management. Income derived from the scheme is a consequence and not the purpose. A full</p>

<p>The scheme may not be deliverable following consultation.</p> <p>Technical faults with existing TRO infrastructure may be discovered as part of the project delivery which may result in additional expenditure.</p> <p><u>Plant / Fleet equipment</u> Associated costs may have risen, and supersede business case, prior to tender due to national inflationary pressure.</p> <p>Third party costs, such as insurance, may rise during the payback period.</p> <p><u>Kington Car Park Charges</u> Charges in Kington may not be recommended following the transport study</p>	<p>assessment of this will be undertaken prior to commitment to spend.</p> <p>The funding will be spent towards the design of the new scheme, and the consultation process. This funding will be committed at risk as it is not possible to pre-judge the outcome of this process.</p> <p>As part of the initial design the work will identify any pressures on remedial works required.</p> <p>Prior to any actual commitment to spend the business case will be reviewed, and further governance will be undertaken.</p> <p>These will be assessed as part of the business case.</p> <p>Should the charges not be recommended, then no expenditure will be required</p>
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## Consultees

### Political Groups Consultation 13 May 2022 – 23 May 2022

Cllr Stark – noted that each element is intended to reduced future spend or generate income, where a business case will be required against each.

Cllr Milln – supports the use of surplus revenue from an introduction of charges in Kington to be used for sustainable travel options. Notes that whilst unpopular the car parks have to be paid for and it is not reasonable to expect the wider county to pay for them. General support of making roads safer.

## Appendices

None

## Background papers

None identified

## Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 06/05/2022
Finance	Karen Morris	Date 03/05/2022

Legal	Ingrid Lekaj	Date 12/05/2022
Communications	Luenne featherstone	Date 26/04/2022
Equality Duty	Harriet Yelline	Date 29/04/2022
Procurement	Mark Cage	Date 27/04/2022
Risk	Kevin Lloyd	Date 02/05/2022

Approved by	Ross Cook	Date 24/05/2022
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**Please include a glossary of terms, abbreviations and acronyms used in this report.**