

Report for Information

Report to Executive
24 February 2009
Report of Director of Regeneration and Development
Subject Highways Agency Agreement Review

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Purpose

This report discusses options for renewing the Highways Agency with Norfolk County Council from April 2011.

Recommendations

That Executive:

- Agree to a new highways agency agreement with Norfolk County Council from April 2011;
- Support option 3 as described in this report as the model for such an agreement;
- Ask for a further report on the details of an agency agreement based on option 3 will be presented to the Executive later in the year

Financial Consequences

The principle enshrined in the Highways Agency Agreement is that the County Council reimburse the City Council its proper costs in discharging the delegated functions (i.e. zero cost to the council). A new agreement would maintain this principle and provides an opportunity to resolve areas of expenditure that may not be adequately reimbursed. This would contribute to a financially sustainable budget position.

Risk Assessment

These are discussed in the body of the report.

Strategic Objective/Service Priorities

The report helps to meet the strategic priorities of a “Strong and prosperous city”, “Safe and healthy neighbourhoods” and “Aiming for excellence”. The report helps deliver the service plan priorities of “Delivery of Agency Agreement” and “Unitary transfer/new highways agency agreement”.

Executive Member: Councillor Morrey – Sustainable City Development

Ward: All

Contact Officers

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Background Documents

1. Norwich City Agency Review, 7 December 2005 Executive
2. Norfolk County Council and the City Council of Norwich, Highways Agency Agreement – July 2006.
3. Procedural Document of the Norwich City Highways Agency Agreement
4. Annual Report of the Norwich City Agency 2008/09, 25 June 2010 Norwich Joint Highways Agency Committee
5. Proposed Extension to the Highways Agency Agreement to 1 April 2011, 17 September 2009 Executive
6. Norwich City Highways Agency Review, 6 January 2010 Planning and Transport, the Environment and Waste Overview and Scrutiny Panel
7. Norwich City Highways Agency Review, 28 January 2010 Norwich Joint Highways Agency Committee

Report

Background

1. The council has an agency agreement with the County Council to carry out various statutory highway and traffic functions within the city. These functions include dealing with enquiries from the community, highway inspections, maintenance works, design and construction of improvement schemes, traffic management, on-street parking control and enforcement, improvements to safety and the co-ordination of programmes and works on the city highway network
2. The city highway network consists of 380km of road, 50km of detached footways and 14km of detached cycle paths. The current agency arrangements involve the council in managing some £3.7m of capital expenditure and £2m of routine maintenance. A further £0.5 million pays for non-chargeable work such as providing transport policy advice, responding to queries and highway safety inspections.. The council employs approximately 25 highways technical staff and 34 parking staff to deliver the agency programme. The on-street parking service makes a modest surplus which is reinvested into the Norwich Area Transportation Strategy.
3. The agreement has been in place since the 1974 local government re-organisation and has been renewed every four years. During this time, the agreement has not significantly changed in principle although the Norwich Joint Highways Agency Committee (NJHAC) was established in 1996. This committee is chaired by the County Council, has two voting members from the County and City Councils with the Chair having the casting vote. The meeting is attended by three further County Council, and three City Council members. The current Agency Agreement runs from April 2006 to March 2010.
4. The Agreement has been extended to March 2011 by mutual agreement pending a decision on the Local Government Review (LGR). In addition, as part of the CityCare re-let process it has been agreed between the councils that works delivered until 31st March 2010 by the CityCare highway contracts will be provided by the County Council'(through their term contractors May Gurney) from 1 April 2010.
5. Recently there has been considerable change and modernisation in the construction industry and local government. This has led to district councils, county councils and other bodies working more closely together as partners and as a result, the responsibilities and relationships in any future agency agreement may need to be reviewed. It has also led to a significant reduction in the use of agency arrangements in other authorities.
6. Norwich is a key economic driver for the county. The council is the planning authority and therefore leads in the determination of the development of the city. All development, particularly in larger urban areas, requires a robust transport infrastructure. In Norwich, that infrastructure is primarily highway. As the County Council is the highway authority, development of all sorts requires a close working relationship between the two Councils. The highways agency

agreement has been a key part to such co-operation and in developing and implementing the Norwich Area Transportation Strategy. However more recently the Greater Norwich Development Partnership has emerged to consider the wider implications of development and transportation needs.

7. The council undertakes the enforcement of parking restrictions on behalf of the County Council under a stand alone arrangement subsidiary to the main agreement. The County Council do not propose to review this arrangement pending the development of proposals to extend Civil Parking Enforcement to the rest of the County.

Past performance

8. Over the years, notable projects and initiatives have been delivered through the highways agency agreement. These include the first 20 mph zone in the UK in North Earlham and more recently bus priority in the City Centre and the Prince of Wales Road safety scheme. During the lifetime of the present agreement such projects include:
 - Major public realm schemes such as St Andrews/St Georges and St Peters Street both of which drew matched funding from Europe and other sources;
 - Pedestrian improvements such as major new signal controlled crossings at Barratt Road/Long John Hill and Colman Road/Unthank Road and the more widespread introduction of zebra crossings which can both save money and improve pedestrian amenity;
 - Cycling improvements such as the Pottergate cycle route;
 - Development and implementation of major schemes such as the Greater Norwich Development Partnership Barrack Street, Grapes Hill bus improvement and St Augustines gyratory schemes;
 - Innovative approaches to charging for permit parking based on vehicle length and the introduction of the first Low Emission Zone (Castle Meadow) outside London supported by the European Union through the CIVITAS programme; and
 - New approaches to highway maintenance such as the use of a brine sprayer for preventative salting on the City Centre's foot streets rather than grit
9. The Norwich Joint Highways Agency Committee reviews performance of the agreement at all of its meetings with the year, as a whole, being reviewed in June each year. The performance monitoring data show that the agreement is working well with, for example, a continuing decline in casualties and service standards being met.

Issues

10. In developing a way forward there are a number of issues to consider, for example:
 - a) Whilst the performance reports to the NJHAC show that the agreement is generally working well, officers of both Councils are aware of a shortage of some skills nationally and locally, which can make aspects of the current agreement difficult to manage at times (e.g. in relation to casualty

reduction).

- b) The two councils have different strengths, for example the County Council in civil engineering and the city council in parking, streetscape and landscape architecture
- c) In the medium term, budgets and workloads are likely to reduce and rationalisation of teams may be necessary to ensure efficiency and robustness.
- d) The city council provides the first point of contact for the majority of enquiries from the public, members and MPs on highway related matters. This works well.
- e) Some areas of the Agreement do not fully cover the cost of the City Council's activities. In particular, this arises with the fixed percentage fee for design and supervision of maintenance works.
- f) In preparing annual accounts there has been difficulty in agreeing the City's costs involved in delivering some activities, such as licences for skips and scaffolds, and hence assessing if there is an annual surplus.
- g) The network management activity requires co-ordination with activities outside of the Norwich City area. For example, works on the main roads require the placing of signs on approaches well outside the city boundary.
- h) Regionally other County Councils have terminated agency agreements in recent years. One council is currently reviewing its agreements. The reasons for termination given by authorities included:
 - More cost effective;
 - More seamless service; and
 - More consistent service

Options

11. Looking forward, officers have identified a number of objectives to inform the delivery of highway services in the City in future. These are:

- Highway services in the city should help deliver the councils' and local strategic partnerships' strategic aims, goals and objectives
- Statutory highway duties, policies, standards and practices are met;
- Highway services should support other related statutory requirements such as the local development framework, air quality legislation, etc.
- Targets in the Local Transport Plan and Norwich Area Transportation Strategy are achieved;
- Service delivery is as efficient and effective as possible; and
- The relationship between the two councils is strengthened and maintained.

12. In seeking to deliver these objectives, four broad options have been considered:

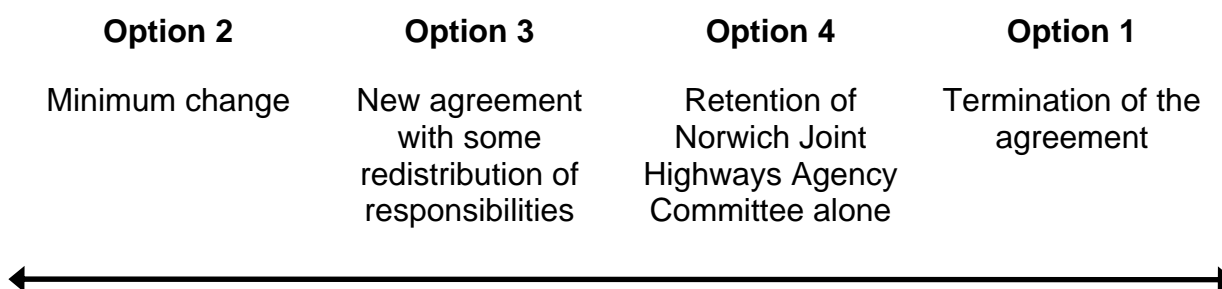
Option 1 - Terminate the current agreement, with all the activities reverting to the County Council

Option 2 – Minimum change, but renegotiate the terms of the current agreement, particularly with regard to fees and clarity on overheads to enable annual accounts to be prepared more easily.

Option 3 - Develop a new agency agreement within which some services are undertaken by the City where there is a clear benefit from local accountability, but others are undertaken by the County if cost savings or robustness of skilled staff can be achieved in the medium term. Option 3 would build on successful working, to deliver Greater Norwich Development Partnership projects, which has played to the strengths of the two organisations.

Option 4 – It would be possible to optimise operational efficiency by bringing together all technical and professional activities at officer level and retain the current democratic arrangements through the joint agency committee.

13. The options represent a continuum between retaining the agreement in essentially its present form to concluding it, which can be represented thus:



14. Any way forward needs to consider the appropriate method for democratic oversight and its relationship to the GNDP arrangements.

Financial implications

15. Like all public services, the delivery of the services provided via the agreement is under intense financial pressure. In particular there are concerns that there will be substantial cuts in both revenue and particularly capital funding from 2011 for several years. The County's intention is that such services should be provided, therefore, at minimum cost. In considering the options described in paragraph 12 it is possible that some savings may be possible in the medium term as follows:

- Option 1 would require significant set up costs to establish County Council teams in Norwich, notably on establishing an area office.
- Option 2 costs would be broadly as now although there may be a small increase to cover fully city council design costs.
- Option 3 costs would depend on the extent of change. Opportunities to improve robustness could involve scheme design and construction and if so the cost change would not be likely to be significant.
- Option 4 could involve significant costs, similar to those in option 1 above.
- Options 1, 3 and 4 all appear to offer some scope to improve efficiency and

robustness.

16. The principle enshrined in the Highways Agency Agreement is that the County Council reimburse the City Council its proper costs in discharging the delegated functions (i.e. zero cost to this council). A new agreement would maintain this principle and provides an opportunity to resolve any areas of expenditure that may not be adequately reimbursed (e.g. the fixed percentage fee referred to in paragraph e)). This would contribute to a financially sustainable budget position for the council.

Risk implications

17. If an Agency Agreement is not in place by April 2011 the County Council would have to undertake the current activities as outlined in Option 1.
18. Option 4 has similar risk implications, whilst option 2 has least potential to address future potential risks such as an expected decrease in Government funding. Option 3, in requiring more thorough analysis, has greater potential to address future risk issues.

Other implications

19. This report has no direct resource implications beyond the staff time to assess the options, which will be funded from existing budgets. At this stage no decisions have been made but once the agency review has been carried out any other staff changes would depend on the emerging option so that if some services were to transfer from the City Council to the County Council then the staff would also be likely to transfer by operation of law.
20. There are no property implications to the council in having the agreement. The cost of accommodating staff employed to deliver the services provided via the agreement is met by the County Council
21. The detailed review will be informed by a full diversity impact assessment. At this stage, no major issues are expected to emerge.

Discussion

22. Apart from the first option, the termination of the agreement, all of the other options envisage the continuation of a Norwich Joint Highways Agency Committee. .
23. Option 2 would see little change in the agreement and in contrast to the other options; it would appear to offer few opportunities to improve efficiency and robustness over the medium term. If this points to options 1, 3 or 4 it is clear that options 1 and 4 would require change that is more radical and are most likely to involve significant cost and disruption of change.
24. The agreement has enabled highway services to be effectively delivered in the city area for over 35 years. Whilst there have been differences between the two councils from time to time, the agreement has enhanced cooperation between the councils and therefore the ability to delivery public services which meet local needs.

25. Option 3 appears to provide opportunities for greater efficiency and improved robustness, for example in addressing future risk issues. It also is less disruptive and less costly than options 1 and 4. Option 3 is therefore recommended as the way forward.
26. Option 3 is similar to the approach adopted in determining the present agreement. As part of that process, it was agreed to transfer the bridges and structures function back to the County Council to improve the resilience and robustness in delivering this service. Option 3 was supported by the County Council's Planning and Transport, the Environment and Waste Overview and Scrutiny Panel at their January 2010 meeting and the Highways Agency Committee on 28 January 2010.
27. The specific details of option 3 have not yet been developed by officers of the two authorities. In taking it forward the agreement, it must continue to be viable and support the council's aims and our ability to deliver outcomes which meet these aims. For example, the agreement has enabled the council to control the design and delivery of many regeneration schemes which in the agreement's absence it would have had to rely on the County Council to implement. Assuming option 3 is taken forward officers would work with county colleagues to develop it on this basis.