

## Report for Resolution

**Report to** Cabinet  
8 December 2010  
**Report of** Head of Transportation  
**Subject** Norwich City Highways Agency Review

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### Purpose

This report recommends a revised Highways Agency Agreement between Norfolk County Council and the council, following a comprehensive review of the existing agreement.

The review has identified the services to be retained as part of the agreement and others moved to the County where there are clear benefits in changing arrangements, consistent with the decision in principle to continue with the agreement made by the councils earlier in the year.

### Recommendations

1. To endorse revisions to the Highways Agency Agreement between Norfolk County Council and the council as set out in the report; and
2. To agree to renewal of the Highways Agency Agreement with Norfolk County Council with effect from 1 April 2011 based on the proposed revisions.

### Financial Consequences

The review process suggests that the fixed costs of running the Agency is likely to reduce by between 10 and 12%, largely due to streamlined administration and the prospect of modest saving in the lump sum payment. There is the prospect of further savings from rationalisation of winter maintenance.

As part of the process, an explicit budget review has been undertaken to ensure that income and resource requirements are aligned. One element in achieving this is to pay for fees associated with highways maintenance at cost (as is already the case for improvement schemes), rather than at 5.5% of works costs. The only exception to the neutral financial position would arise if the council chooses to deliver to a higher standard than required by the County Council, for example as is presently the case in connection with verge grass cutting.

Over and above the agency review the level of funding for highway and transport activities is presently uncertain. To the extent that budgets reduce, there will be a need to reduce the council's resources accordingly. The revised agreement would make allowance for the two councils to pool technical staff resources to help mitigate the impact of such pressures.

### Risk Assessment

There are risks to the council in having an agency agreement with the County Council including financial and reputational risks should the council be unable to deliver effectively the delegated functions. These risks are managed by both

councils and are regularly reported to Norwich Highways Agency Committee as well as being reviewed as part of the annual agency audit process.

These risks can be contrasted with the risks in not having a highways agreement. These include a reduced ability to influence transport policy and strategy, a key component of the economic regeneration of the city and the development of a sustainable city. The council would have no control over scheme delivery and would be less able to integrate highway and transport schemes with other initiatives. In addition, the council would be less able to meet the needs of local communities or be able to integrate other council services with highway, transport and parking functions.

### **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 priority to “Review the Norwich Highways Agency Agreement with Norfolk County Council to enable the sustainable delivery of high performing highway services from April 2011”.

**Cabinet Member:** Councillor Steve Morphew, Councillor Victoria MacDonald

**Ward:** All

### **Contact Officers**

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### **Background Documents**

- Norwich City Agency Review, 7 December 2005 Executive
- Norwich City Agency Review, 9 January 2006 Norfolk County Council Cabinet
- Highways Agency Agreement Review, 24 February 2010 Executive
- Norwich City Agency Review, 1 March 2010 Norfolk County Council Cabinet
- Norwich City Agency Review, 17 November 2010 Norfolk County Council Environment, Transport and Development Overview and Scrutiny Panel
- Norwich City Agency Review, 25 November 2010 Norwich Highways Agency Committee

# Report

## Background

1. The County Council has an agency agreement with Norwich City Council to carry out various highway and traffic functions within the City. The functions the City Council carries out include some policy development as part of NATS, maintenance works, design and construction of improvement schemes, traffic management, improvements to safety and the co ordination of programmes and works on the city highway network.
2. The Norwich City Highways Agency Agreement has been in place since the 1974 local government re organisation and has been renewed every four years since that date. During this time the agreement has not significantly changed in principle although the Joint Highways Agency Committee was established in 1996. The current Agency Agreement ran from April 2006 for four years to March 2010. Due to the Local Government Review, the current Agency Agreement was extended to March 2011.
3. The City Council is the local planning authority and therefore leads in the determination of the development of the city and it is recognised that success in this results from both careful planning and realising opportunities. All development, particularly in cities, 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. A highways agency agreement is a major contributor to improving that co operation.
4. The County Council's Cabinet received a report with four options on 1 March 2010, including the comments of the Norwich Highways Agency Joint Committee and the County Council's Planning, Transportation and the Environment, Waste and Economic Development Review Panel. It resolved to ask the Director of Environment, Transport and Development to develop a new agency agreement with Norwich City Council where some services are undertaken by the City and other by the County where there are clear benefits in changing arrangements.

## Agency review proposals

5. Officers have reviewed all elements of the agreement in response to the brief set by the two councils. Attention has been given to how the agreement has operated in practice and a particular focus has been on the likely implications of the Comprehensive Spending Review (CSR). The key conclusions from this work are as follows:

### Statutory functions

6. The agency agreement requires the City Council to undertake a variety of statutory highway functions. These include highways safety inspections, network management and highways development control. These functions need to be carried out mostly irrespective of any works programme and

therefore paid for via a lump sum payment to the City Council.

7. The functions are predominantly public facing and therefore it continues to make sense for the City Council to carry them out. However, as part of the process a base budget review has been carried out and the City Council Agency now aligns itself with the County reorganised area administration charges.

#### Revenue maintenance

8. The present agency agreement pays for the feasibility, design, programming, consultation and supervision of revenue maintenance (such as patching) via a 5.5% fee on the cost of the works. However, the true cost of providing these functions is typically greater than the 5.5% ceiling. This is particularly evident in moving from CityCare to the County Partnership as the former contractor carried out a greater proportion of current 'fee' type tasks.
9. To align with the present County Council approach, in the Agency Agreement could provide a more robust approach to the delivery of routine maintenance; however, it would be relatively inflexible in light of overall changes to budgets and the level of work. It is therefore proposed to pay for the 'fee' tasks at cost (in the same way as for improvement schemes) – anticipated to be in the region of 10% of the works cost based on County Council experience.

#### Winter maintenance

10. The present agency agreement requires the city council to provide a winter maintenance service which operates linked to but separate from the same service in the rest of the County. Whilst a review of the service for 2010/11 has reduced some costs, there is scope for greater efficiencies if a single countywide service is provided (e.g. route optimisation and reduced management/supervision costs). These efficiencies have yet to be quantified but are likely to be at least tens of thousands of pounds.
11. Such an approach could continue to take account of the Norwich 'heat island' effect which reduces demand for precautionary salting. In addition, City Council staff could continue to contribute to the determining whether to act, albeit alongside County Council staff and in respect of the County as a whole.
12. Winter maintenance in the city relies on salt storage at the former CityCare Mile Cross depot. This will not be available for the 2011/12 season and a county wide approach would avoid the need to secure an alternative by serving Norwich from the Ketteringham and Aylsham depots. This element of the Agency review will be concluded in 2011 in readiness for the 2011/12 winter season.

#### Agency agreement administration

13. The level of specific administration activity associated with the Agency Agreement has increased in recent years. These tasks include financial administration, wider programme management and performance management.
14. With improving Information Technology (IT) and the majority of works now procured by the City Council via the County Council partnership, there is scope

to streamline and reduce the level of administrative activity considerably.

#### Capital fee based work

15. As with County Council staff, City Council staff, involved with scheme feasibility, design, consultation and supervision, are paid from the relevant capital budget through fees. Whilst for both councils fees for improvement schemes are paid at cost those for structural maintenance are paid in the County at cost – but in the City they have been limited to 5.5% of the works value.
16. Typically, the level of fee incurred by County staff on structural maintenance is 10%. The 5.5% ceiling is a long standing arrangement dating from the 1980s and whilst it may have been reasonable at that time, it no longer is given the increasing technical complexity of schemes and changing responsibilities such as better traffic management and increased expectations for public involvement.
17. It is therefore proposed to pay City staff involved in structural maintenance at cost as well. Control would be exercised by the County Council through project management procedures.

#### Technical pool

18. Technical design and supervision staff employed by the City Council on agency functions will be pooled with equivalent staff within the county council to be deployed according to work priorities within the county as a whole. Such sharing already occurs to some degree but by further formalising, it would help to cement common working practices (e.g. use of information technology) as well as improve resilience, particularly for the City Council.
19. The size of the resource provided by the City Council will be determined by the outcome of the CSR and the likely medium term implications on workloads as determined by the two councils.
20. The City Council has a particular strength in urban design and landscape architecture. Whilst not suggesting that this resource should be formally incorporated into the agreement it is recommended that the councils work together to share this capability as required. This has already proved successful on some of the Growth Point related projects.

#### Information technology

21. The present agreement has benefited from integration of information technology around County Council systems. There are particular efficiencies in improved access to County Council systems – for example in relation to programme and project management tools, access to information and standardisation of work practice. It is recommended that as part of a new agreement the objective should be to achieve complete integration of systems.

#### Works delivery

22. With the end of the CityCare contract, the city council is procuring highway works via the County Council partnership. This also includes highway type

works which are not on highway land (and therefore are not part of the agreement) such as housing areas. Common contractual arrangements provide scope for significant potential economies. It is therefore proposed that the two councils continue to work on such a basis subject to normal procurement tests.

#### Parking

23. The City Council carries out civil parking enforcement duties in Norwich and it is not proposed to change this successful arrangement which is being rolled out in similar form in the rest of the county. Through the Agency Agreement, Norwich Joint Highways Agency Committee are consulted on changes to the City Council's off street parking tariffs helping to ensure their integration with wider parking strategy such as the development of park and ride. It is proposed to continue this arrangement.

#### Casualty reduction

24. The County Council will take on the responsibility of Casualty Reduction function where the performance monitoring, review and identification of remedial schemes are allocated to an area of established skill base with proportional economy changes. Such an approach has occurred in practice within the present agreement with City Council staff focussing on the customer interface aspects of road casualty reduction and scheme detailed design and implementation.

#### Highway structures

25. The County Council will continue to take responsibility for highway structures in Norwich ensuring consistency across the whole county and recognising the difficulty City Council faces in retaining specialist skills in a small team.

#### Strategic transport policy coordination

26. Strategic Management had been improved by establishing at officer level teams to encompass strategic work streams of the GNDP, NATS implementation, etc. This will help further integrate highway and transport issues with broader regeneration and economic development.

#### Intelligent travel systems

27. The County Council will take the lead in the development of Intelligent Transport Systems where core strategies and expertise exist in the Travel and Transport Services Group for innovative public transport measures being developed.

#### European funding

28. The City Council is a member of the CIVITAS Forum. It is therefore recommended that in this role the city council provides an initial lead and intelligence on EU initiatives (through, for example, the CIVINET network) such as they may affect urban sustainable transport and in particular as they relate to potential funding streams. There will be a need to pursue opportunities in this regard to support the delivery of the NATS Implementation Plan.

### Democratic processes

29. It is proposed that any future agreement is left flexible to allow for, for example, further delegation and/or reduced number of NJHAC meetings as determined by corporate review processes within the two councils.

### **Alternative options**

30. The alternative option is not to renew the agreement. This would result in less effective delivery of transport and highway functions in the city; in particular a reduced ability to provide for economic regeneration and development of a sustainable city for the benefit of both Norwich and its wider catchment. Should the agency not be renewed, staff mainly employed with delivery of the agreement would transfer under TUPE to the County Council.