

Report for Resolution

Report to Executive
16 September 2009

Report of Head of Transportation and Landscape

Subject Proposed Extension to the Highways Agency Agreement to
1 April 2011

Item

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Purpose

This report considers a proposal to extend the current Highways Agency Agreement with Norfolk County Council from 1 April 2010 for a further year to 31 March 2011 and the operational delivery of the agreement.

Recommendations

1. To approve the extension of the Highways Agency Agreement with Norfolk County Council to 31 March 2011;
2. Note the principle enshrined in the Highways Agency Agreement that the County Council reimburse the City Council its proper costs in discharging the delegated functions;
3. Ask officers to work with the County Council to ensure that any financial pressures are managed to ensure a financially sustainable budget position; and
4. Delegate consent to the agreement necessary to enable Norfolk County Council to deliver works associated with the Highways Agency Agreement and other highway type operations undertaken by the Council to the Head of Transportation and Landscape in consultation with the Deputy Leader of the Council and Executive member for sustainable city development.
5. Invite the Scrutiny Committee to undertake a review of the costs and benefits arising from the continuation of the Highway's Agency Agreement beyond April 2011.

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). The proposed extension of the Agreement will maintain this principle and so contribute to a financially sustainable budget position.

Risk Assessment

There are three main areas of risk associated with the Highways Agency Agreement. These relate to staffing, on-street parking income and the highways contracts re-let process. These risks are minimised by TUPE clauses in the agreement should the agreement be terminated and a recent audit and improved controls to ensure on-street parking is managed to cover its costs. Management of the latter made a surplus of £160,483 which is used to help fund the Norwich Area Transportation Strategy. A robust project managed approach and long lead-in/mobilisation timescale is part of the risk management strategy associated with the contracts re-provisioning process. The preferred approach to the re-provisioning is to use the County Council to undertake works in future (as is

already the case on certain highways maintenance work). There is a comprehensive risk register associated with the agreement which is jointly managed by the two councils.

Strategic Priority and Outcome/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

Letter from Norfolk County Council of 11 February 2009 offering to extend the Highways Agency Agreement for a further year to 31 March 2011

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's administrative area and, by agreement with the County Council, outside it. . The functions the City Council carries out on behalf of the County Council include some policy development as part of the Norwich Area Transportation Strategy, highways maintenance, design and construction of improvement schemes, traffic management, safety improvements, on-street parking (including enforcement) and the co-ordination of programmes and works on the city highway network.
2. Many of the works associated with the agreement are delivered by CityCare, although a number of other contractors are also used (e.g. for major re-surfacing). The Council has agreed as part of the CityCare re-provisioning strategy that post 1 April 2010 such works (together with certain other highway type works) should be delivered by the County Council. Such an approach helps to manage the risks associated with any changes consequent on LGR or, in the absence of LGR, an eventual renewal of the agreement. The approach also has the advantage of more closely integrating the work and practices of the two councils to help maximise value for money.
3. 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 evolved with the most significant change being the creation of the Joint Highways Agency Committee 1996.
4. The present agreement runs from 1 April 2006 and is due to expire on 31 March 2010. Under the terms of the agreement, the agency would normally be reviewed in the final year and renewed for a further four year period. However in light of the possibility of Local Government Review (LGR) in Norfolk the County Council has proposed to extend the present agreement by a further year to 31 March 2011.

Discussion

5. The City Council is the local planning authority for its administrative area and therefore leads in the determination of the growth and 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.
6. The agreement also provides benefits at a more local level. By delegating functions to this council there are opportunities to more closely meet the needs and wishes of local communities in the City. There are also opportunities to coordinate programmes and initiatives with other council services.

7. At other times officers of the two councils would be working together to review the existing agency agreement with a view to renewing the agreement for a further four years. Such review enables changes to government legislation, community needs or other matters to be taken into account.
8. However the LGR proposals for Norfolk could see the creation of two or one unitary councils for the area. Under these circumstances there would no longer be a need for an agency agreement as the successor authorities would be responsible for all council functions in their area.
9. The timetable for LGR has been delayed and it is now anticipated that it will be introduced from 1 April 2011 (although this has not yet been formally confirmed). This revised timescale means that an extension of the current agreement for a twelve month period is acceptable. However, notwithstanding LGR it would be appropriate for the Scrutiny Committee to carry out a review of the costs and benefits arising from the continuation of the current arrangement beyond April 2011.
10. Whilst there are emerging reasons to adjust the present agreement, officers of the two councils do not consider they are of sufficient importance to require a full agency review and renewal at this stage. This is particularly so given that any new agreement may only have a one year lifespan. In any case minor changes may be made between the two councils as required.
11. Noting the benefits of the Highways Agency Agreement and its role in helping to meet key corporate priorities and in light of LGR it is concluded that a one year extension to the present agreement is a sensible way forward.
12. Where there is any pressure, it relates to finance and although the figures for this year are encouraging careful monitoring and management is required. The issue has been discussed between the two authorities and officers have agreed to use best endeavours to manage issues as they arise and to ensure a sustainable position.
13. Officers have investigated the first quarter of 2009/10 to see if expenditure is matching income provided by the County Council (together with fees and charges). This analysis suggests that an 'out-turn' close to zero is achievable this year. However, there are certain pressure points (e.g. the fee provided for maintenance work) and a resolution to this would be central focus of any renegotiation of the Agency Agreement.
14. The delivery of works during the proposed extension period will be by the County Council as previously agreed by the Executive as part of the CityCare re-provisioning exercise. This requires a separate agreement. A draft is in circulation and it anticipated that this will be finalised shortly between the two Councils legal teams. Once this is done and rather than bring the matter to the Executive for endorsement it is recommended that the decision is made by the Head of Transportation and Landscape in consultation with the deputy leader of the council and executive member for sustainable city development.