Report to	Norwich Highways Agency committee 22 March 2018	**Item**
Joint report of	Head of city development services and Executive director of community and environmental services	10
Subject	Renewal of the Highways Agency Agreement between Norfolk County Council and Norwich City Council	

Purpose

To note the contents of the attached reports from Norfolk County Council and Norwich City Council.

Recommendations

That the committee notes that Norfolk County council and Norwich City Council have agreed to amend the Highways Agency Agreement and to extend it for a period of 1 year until 31 March 2020 as detailed in the two attached reports

Corporate and service priorities

The report helps to meet the corporate priority a safe, clean and low carbon city

Financial implications

It is anticipated that any new highways agency agreement will identify financial savings that will benefit both the city and county councils.

Ward/s: All wards

Cabinet member: Councillor Stonard - sustainable and inclusive growth

Contact officers

Grahame Bygrave – highways services manager (Norfolk)	01603 638561
Joanne Deverick – transportation & network manager (Norwich)	01603 212461

Background documents

None

Report to	Cabinet	**Item**
	07 February 2018	
Report of	Head of city development services	11
Subject	Renewal of the highways agency agreement with Norfolk county council	

KEY DECISION

Purpose

To consider amending the current highways agency agreement between Norfolk County Council and Norwich City Council and to extend it for one year until 1 April 2020.

Recommendations to:

(1) endorse revisions to the existing highways agency agreement between Norfolk County Council and the council as set out in the report;

(2) agree to extend the existing highways agency agreement by one year until 31 March 2020

Corporate and service priorities

The report helps to meet the corporate priority a safe, clean and low carbon city

Financial implications

The council is paid for the services and functions it provides under the highways agency agreement through a mixture of lump sum and at cost payments; the intention being that neither party is no better or no worse off. Some surplus income is generated (from on-street parking mainly) which is used to support the Transport for Norwich programme.

It is anticipated that any new highways agency agreement will identify financial savings that will benefit both the city and county councils.

Ward/s: All wards

Cabinet member: Councillor Stonard - sustainable and inclusive growth

Contact officers

Andy Watt - head of city development services	01603 212691
Joanne Deverick – transportation & network manager	01603 212461

Appended report

Background documents

None

Appended report

Report

Background

1. Norfolk County Council has an agency agreement with the council to carry out various highways, traffic and on-street parking functions within the city. The functions the council carries out include

    - some policy development as part of TfN (Transport for Norwich) - previously known as NATS (Norwich area transportation strategy),
    - highways maintenance, including trees and verges
    - design and construction of traffic management and improvement schemes,
    - the coordination of all works on the city's highway network
    - on-street parking restrictions and enforcement
    - bus gate enforcement

2. The existence of the highways agency agreement enables close links between the city council's planning function and the county council's highway functions to ensure that robust transport infrastructure is provided through development. It also facilitates a focus on neighbourhood and locality working within the city and supports many elements of the corporate vision for the city including road safety, air quality and sustainable development.

3. The Norwich City Highways Agency Agreement has been in place since the 1974 local government reorganisation and has been renewed periodically since that date; originally this was every 4 years but the 2006 agreement was extended for a year to take account of the then pending local government review and the 2011 agreement that was renewed after 3 years in 2014 to coincide with the start of the county councils new strategic partnership for the delivery of highway works within the county. The partnership consists of a main contractor and professional services providers.

Extension to the existing highways agency agreement

4. The current agreement came into effect in 2014 and was for a period of 5 years rather than the usually adopted 4 years.

5. Under the terms of the agreement both parties are obliged to give a minimum of 12 months notice if they wish to terminate the agreement on the expiry date; i.e. on or before 31 March 2019. If no notice has been received by 31 March 2018 the highways agency agreement is deemed to have been renewed for a further 5 year period to 31 March 2024.

6. In recent months, city and county council officers have undertaken a review of the current highways agency agreement with a view to suggesting amendments for a renewed agreement. The review concluded that the existing agreement worked well in most areas; however issues were identified in connectivity of the IT systems and the robustness of the highways design function. It also acknowledged that clarification was required around the responsibility for street trees and for civil parking and bus lane enforcement. Additionally there is a need to ensure that the agency agreement is based on

Appended report

secure financial arrangements that reflect the current financial positions of both councils.

7. Attached as appendix 1 is a copy of the report that was considered by the Environment, Development and Transport (EDT) committee at Norfolk County Council on 19 January 2018 which details those discussions.

8. The recommendation of that report is that the existing highways agency agreement is extended for a year until 31 March 2020. This will allow both councils the opportunity to scope out the potential financial savings that could be achieved for both parties through efficiencies and better integrated back office systems. The intention is this would be in readiness for a new highways agency agreement to be adopted in April 2020.

9. Notwithstanding the proposed extension to the existing agreement, the officer discussions have concluded that there are 2 elements of the current agreement that should be amended in the short term. These are the future of the council's engineering design function and the council's involvement in the out-of-hours winter maintenance service.

Engineering design

10. The council has an establishment of 4.2 FTE to undertake engineering design. However in the last 18 months two retirements and one resignation have left the team with a project engineer and a 0.6 FTE technical officer (i.e. as reflected in the EDT report).

11. Over the last few years it has proved difficult to recruit engineering staff, and when recruitment has been successful invariably the people involved have come from Norfolk County Council or their strategic partners, a situation that is far from satisfactory. Furthermore even at 4.2 FTE it is difficult to provide a fully effective engineering design function, particularly given the integration between county and their works contractors which the council also has to use.

12. Transferring the highway engineering design function to the county council will improve the resilience of this function and help avoid the recruitment merry-go-round. It will not affect the city's ability to be involved in highways improvements, however, as the majority of these are already delivered by joint city and county multidisciplinary teams.

13. With such a transfer of function it would follow that the existing engineering design staff would transfer under TUPE across to the county council. Details of the TUPE process and timescales will be mutually agreed with the county council.

Out-of-hours winter maintenance

14. Currently city council employees are involved in the winter maintenance service and help inform the decision as to when the network needs to be gritted. The county council would like to remove the out-of-hours element of the service from the existing agreement to realise an immediate saving in 2018-19. City staff will continue to be involved in the day to day management of the winter service, although this function may come under further review as part of the new agreement.

Approved report

15. EDT committee agreed the recommendations of the report and it is expected that the decision will be ratified by the county council's full council on 12 February 2018.

Alternative options

16. The alternative to extending the existing highways agency agreement for 12 months is for the city council to give notice and for it to end on 31 March 2019. This would see all the functions mentioned in paragraph 1 revert back to the responsibility of Norfolk County Council and all staff engaged in highway agency functions would be TUPE transferred over to Norfolk County Council. Such a move would have a wide ranging impact on a number of city council services including the customer contact team and citizens services and the benefits that the highways agency agreement provides as outlined in paragraph 2 would be lost or significantly diminished. It is therefore not an option that is recommended.

Appended report

Integrated impact assessment

NORWICH City Council

The IIA should assess **the impact of the recommendation** being made by the report
Detailed guidance to help with the completion of the assessment can be found here. Delete this row after completion

Report author to complete	
Committee:	Cabinet
Committee date:	7 February 2018
Director / Head of service	Andy Watt
Report subject:	Renewal of the highways agency agreement with Norfolk county council
Date assessed:	17 January 2018

Appended report

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☒	☐	☐	The highways agency agreement is designed to be cost neutral for the city council. It is anticipated that any new agreement will identify financial savings for the authority
Other departments and services e.g. office facilities, customer contact	☒	☐	☒	If the highways agency agreement were to be revoked it would impact on other council departments including citizen services and customer contact. The ability for parking services to operate and enforce off street car parks and housing car parks would be affected as the resilience of the team would be affected by the loss of a number of staff through the TUPE process
ICT services	☒	☐	☐	It is anticipated that any new agreement will identify opportunities for shared back office systems
Economic development	☐	☒	☐	The existence of the highways agency agreement allows the city council to influence the transport infrastructure in the city and can help promote regeneration sites. An example of this is the Westlegate scheme that has originally promoted by the city council.
Financial inclusion	☒	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	☒	☐	☐	
S17 crime and disorder act 1998	☒	☐	☐	

Appendix report

	Impact			
Human Rights Act 1998	☒	☐	☐	
Health and well being	☐	☒	☐	It is unlikely that the city council would be able to promote the corporate priority of ensuring that streets in residential areas were subject to a 20mph restriction without the agency agreement being in place. The agency agreement also delivers wider road safety benefits and supports the city council in promoting walking an cycling. Had the agency agreement not be in place it is probable that the city council would not have received the cycle ambition status
Equality and diversity (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Relations between groups (cohesion)	☒	☐	☐	
Eliminating discrimination & harassment	☒	☐	☐	
Advancing equality of opportunity	☒	☐	☐	
Environmental (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Transportation	☐	☒	☐	The existence of a highways agency agreement allows the council to greater influence and control on highways matters and transport policy within its' boundaries

Appended report

	Impact			
Natural and built environment	☐	☒	☐	The existence of a highways agency agreement allows the council, with its' strong design ethos, to influence the design of transport schemes within the city . It also allows the city council to subsidise planting and tree provision and maintenance to ensure a higher standard.
Waste minimisation & resource use	☒	☐	☐	
Pollution	☐	☒	☐	The existence of the highways agency agreement gives the city direct influence over identifying and implementing schemes that will improve air quality
Sustainable procurement	☒	☐	☐	
Energy and climate change	☒	☐	☐	
(Please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Risk management	☒	☐	☐	The absence of a highways agreement will have significant impact on the city councils ability to influence transport policy in the city and will reduce the opportunity for locality working. It will also impact across a wide range of council services if the work undertaken through the agreement is transferred to Norfolk County Council Conversely there is a risk with the existence of the agreement that the city council may not recover all costs associated with the agreement.

Appended report

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Appended report

Environment, Development and Transport Committee

Item No.

Report title:	**Review of Norwich Highways Agency Agreement**
Date of meeting:	**19 January 2018**
Responsible Chief Officer:	**Tom McCabe – Executive Director, Community and Environmental Services**

Strategic impact

Norfolk County Council (NCC) and Norwich City Council have arrangements in place for the discharge of various highway and traffic functions by the City Council on behalf of the County Council. These arrangements are covered by the Highways Agency Agreement. This report outlines a review of the performance of the Highways Agency Agreement.

Executive summary

There are two major elements to the delivery of highways related activities in the City - the Highways Agency Agreement and the delivery of the Transport for Norwich (TfN) programme of transport schemes. The Agency Agreement covers the day-to-day delivery of highway functions and services, whereas the TfN programme is the wider delivery of strategic transport schemes outlined in the NATS Implementation Plan (now called TfN), which was adopted by the County Council in April 2010. A separate review and update of TfN is currently underway.

The current Highways Agency Agreement is dated 19 September 2014, and is due to expire on 31 March 2019. The agreement states that either party must give 12 months notice to terminate the Agreement and if by 1 April 2018 neither party has given notice, the Agreement will automatically be renewed for a period of 5 years from 1 April 2019.

Any decision to terminate the Highways Agency Agreement would need to consider the necessary transfer of staff from the City to the County Council under the TUPE arrangements that are set out in the Agreement.

Recommendations:

Members are recommended to:

1. **Note and comment on the details of the review of the Norwich Highways Agency Agreement, agree not to invoke the termination, but extend the current Agreement for one year to March 2020, to allow the details of the new Agreement to be fully developed;**
2. **Agree that a report comes back to this Committee early in 2019 outlining a proposed new Norwich Highways Agency Agreement that will include details of the scope for financial savings.**

Amended report

1. Proposal

1.1. Norfolk County Council (NCC) and Norwich City Council have arrangements in place for the discharge of various highway and traffic functions by the City Council on behalf of the County Council. These arrangements are covered by the Highways Agency Agreement.

1.2. Officers have considered the following options:

- **Option A**: Extend the existing Agreement for one year (April 2019 to April 2020) and incorporate changes outlined in this paper to the existing agreement and identify the scope for a new Norwich Highways Agency Agreement from 1 April 2020 that will deliver further financial savings
- **Option B**: Give 12 months notice to terminate the existing agreement so that the County Council delivers the highway and traffic functions that are currently delegated to the City Council from 1 April 2019

2. Evidence

2.1. The Highways Agency Agreement was subjected to reviews in 2010 and 2013. The overall conclusions at that time was that the arrangement should continue but with regular reviews and improvements as appropriate. In light of the 12 month notice period for the current Agreement coming up at the end of March 2018, a further detailed review of the Agreement has been undertaken over the last 6-9 months.

2.2. Staff from both the County and City Councils who work day-to-day on the delivery of the Highways Agency Agreement took part in the review. Emphasis has been placed on the following:

- how effective the working arrangements are between both Councils in terms of delivering the outcomes to residents and stakeholders
- the costs of managing and delivering the Agreement.

2.3. Various workstreams were included in the review (see table below), which cover the full range of activities delivered through the Agreement. Under each of these workstreams, emphasis was placed on reviewing existing strengths, weaknesses, resilience, benefits, costs and risks of any proposed changes and impacts on locality working.

2.4. A high level summary of the findings of the various workstreams is outlined in this paper. The workstreams considered how effective the existing working arrangements are between both Councils in terms of delivering the outcomes to residents and stakeholders.

Workstream	**High level summary**
Planning and Development	Current arrangements generally work well. No significant changes proposed
Network Management	Fundamentally the broad objectives of the Agreement function well with benefits of being located in the City with close interaction with other City staff assisting the overall coordination of all activities that take place
Highway Maintenance	The maintenance of trees within the city needs to be clarified in terms of costs and responsibilities. See **Section 3** for commentary on winter maintenance.
Highway Design	The design capability at the City Council is limited by having resource of less than 2FTE. See **Section 3** for commentary on these design activities.
CPE and Bus Lane Enforcement	Decision making relating to extension of controlled parking areas needs to be more

Appended report

	clearly defined. See **Section 3** for commentary on the financial review of this activity
Governance / Committee Reporting	Recommends that there is no change at present to the current arrangements for the agreement of the voting members and the constitution of the Agency Committee. Recommends to retain the existing number of meetings but with the firm commitment to cancel a meeting if there is a small agenda or there are agenda items that can be covered at a future meeting without impacting on the programme
Value for Money / KPIs	The recording and reporting of complaints needs to be more consistent. Annual reporting of Agency KPIs needs to be more focussed.

2.5. Common issues found were that there is no common back office platform in use across both authorities, which would allow a more flexible sharing and allocation of case work between City/County officers and introduce more robust record keeping and monitoring capability. Access to ICT has hampered consistency, uniformity and easy access to performance and financial data that is maintained.

3. Financial Implications

Current arrangements

3.1. The current Highways Agency Agreement consists of payments made to the City Council for works and functions delivered, as well as income generated by these activities. Any surplus income over and above that required to deliver works is payable to the County Council but is used to support the delivery of highways activities in Norwich.

3.2. Payments made to the City Council are summarised in the table below.

Payment	**Amount**
Annual City Agency Fee	£609,340
Streetworks Permit Scheme	£52,852
City Structural Maintenance Fee (revenue)	£108,000
Winter Maintenance	£41,000
TOTAL	**£811,192**

3.3. Payments are subject to annual index linking as calculated by the Executive Director of Finance and Commercial Services at the County Council.

3.4. The Annual City Agency Fee makes up the largest element of cost required to deliver the Highways Agency Agreement and covers a wide range of activities, ranging from highway inspections to network management and handling requests from the public for new highway schemes. To deliver this element of the Agreement, the City Council allocates the equivalent of **14.7** Full Time Equivalent (FTE) staff members. The allocation of this is outlined in the table below.

Role	**FTE**
Highway enquiries and inspections	5.7

Appended report

Streetworks / network management	4.9
Traffic advice, enquiries and request for service	4.1
TOTAL	**14.7**

3.5. Staff at the County Council work closely with the City Council on many of the activities outlined above but not to the extent that there is any duplication of service delivery. The City Council performs the lead or first contact role in these activities.

3.6. The City structural maintenance fee (revenue), including winter maintenance, is delivered by an FTE of 5.5 staff members. Again, staff across CES at the County Council work with City colleagues on delivery of this activity but avoid duplication of effort.

3.7. The allocation of FTEs and their specific roles in terms of delivering the requirements of the Agency Agreement is provided by the City Council and this has been reviewed by County officers in terms of how this would compare should these activities be conducted by the County Council. Overall, this review has concluded that this allocation is appropriate and comparable to County Council staff numbers carrying out similar activities.

3.8. Income received from the City Council can be broken down into the following categories:

- Permits from items in the highways (such as scaffolding and skips). This is in the region of £10k net income per annum
- Any surplus generated from delivering Civil Parking Enforcement (CPE) activities and the enforcement of bus lanes (see further comments below).

3.9. Income varies year on year, particularly in terms of any funds generated from the CPE activities and bus lane enforcement. For example, the current year (17/18) is predicted to just about cover its costs because there has been a need for investment in new on-street ticketing machines and the requirement to amend hardware/software in the ticket machines to accept the new £1 coins.

3.10. A detailed review of the costs and income associated with the operation of CPE activities and bus lane enforcement has been undertaken by officers from the City and County Councils. This has shown that this process is well managed, with all costs and income being accurately recorded and apportioned appropriately.

Proposed amendments to current arrangements

3.11. There are pressures on budgets across both authorities and potential savings need to be identified wherever possible. The annual City Agency Fee represents the most significant cost element of the Highways Agency Agreement. In order to deliver future cost savings, further work is needed to scope out exactly what changes are needed in terms of service delivery. Where possible these will be incorporated within existing Agreement. As the new Agreement is developed we will look at how financial savings could be delivered. For example, a phased approach to achieving savings in the cost of the annual City Agency Fee could deliver savings of a minimum of circa £90-100k over a three year period.

3.12. We will continue to work with the City Council to look for opportunities to deliver savings within 2018/19.

3.13. Whilst it has been agreed that winter maintenance cover for Norwich for 2017/18 should continue to be delivered via the existing arrangement through the City Council, winter maintenance for Norwich for winter 2018/19 will be delivered by

Approved report

the County Council utilising resources and winter specific maintenance requirements already in place for the wider Norfolk area. This will generate a net saving of at least £5k per annum from 18/19 onwards.

3.14. In terms of bus lane camera enforcement, it is proposed that funding of any additional cameras in the future will come through specific project-related budgets and will not be charged, as currently, against the costs of managing the overall bus lane enforcement. This will enable more funds to be retained to support the wider delivery of highways activity in Norwich.

3.15. The engineering design capability at the City Council is limited by having resource of less than 2FTE based at City Hall performing this function. It is proposed to transfer this function back to the County Council. In terms of possible savings to the City Agency Annual Fee, this is likely to be minimal as much of their time is spent designing schemes that are externally funded and therefore charged from other relevant (mainly capital) budgets. However, transferring these design activities to the County Council will increase the resilience of the engineering design capability of both authorities and will enable this particular service to be delivered more effectively.

3.16. Another issue found was that there is no common back office platform, which would allow a more flexible sharing and allocation of case work between City/County officers and introduce more robust record keeping and monitoring capability. Access to ICT has hampered consistency, uniformity and maintenance of performance and financial data. Resolution of this issue will be further explored with a view to achieving improved service delivery and capturing any associated financial savings from efficiencies.

3.17. As more work is required to identify how financial savings would be delivered, a further report will be brought back to members early 2019 once that work has been completed. This will set out the proposed savings and details of a new Highways Agency Agreement from 1 April 2019.

4. Issues, risks and innovation

4.1. When making any decision related to the future of the Highways Agency Agreement, it is important to note that this Agreement and the delivery of the Transport for Norwich (TfN) programme of transport schemes are separate entities. The Highways Agency Agreement is focused around the day-to-day delivery of highway functions, whereas the TfN programme is the delivery of strategic transport schemes outlined. For example, removal of through traffic from St Stephens Street in Norwich is linked to delivery of the TfN Implementation Plan and is not as a result of having a Highways Agency Agreement in place.

4.2. Whilst the review has shown that operationally the arrangement is generally working well, improvements to back office processes, particularly ICT, are required.

4.3. This latest review of the Agency Agreement has highlighted the opportunity to bring about a more integrated approach to managing the core highway delivery function, including that of the CPE/bus lane enforcement.

5. Background

5.1. The following papers provide background to the Norwich City Agency:

1 March 2010 Cabinet – paper on Norwich City Highways Agency Review

Appended report

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Appended report