

Norwich City Council

SCRUTINY COMMITTEE

BRIEFING PAPER for meeting to be held on 11 February 2010

Review of Norwich Highways Agency Agreement

Purpose: To review the costs and benefits arising from the continuation of the Highways Agency Agreement beyond 2011

The Committee is asked to comment on its preferred approach to inform the discussion at the County Council's Cabinet.

Possible ways forward are:

1. Terminate the agreement, all activities reverting to the County Council.
2. Minimum change, but renegotiate the terms of the agreement.
3. Develop a new agency agreement where some services are undertaken by the City and others by the County where there are clear benefits in changing arrangements.
4. Optimise operational efficiency by bringing together all technical and professional activities at officer level and retain the current democratic arrangements.

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Norwich City Highways Agency Review

Report by the Director of Environment, Transport and Development

Summary

This report discusses the strategy and options for the Norwich City Highways Agency from April 2011, and seeks members' views. The issue will be considered by the County Council's Cabinet in March.

The current Agency Agreement runs from April 2006 to March 2010. The Agreement has been extended to March 2011. Under the agreement a year's notice must be given if there are to be any changes. The Agency Agreement covers the administrative area of Norwich City Council. It is generally working well. The Norwich Joint Highways Agency Committee is the only committee with joint County and District membership that takes decisions on highway matters.

Possible ways forward are:

1. Terminate the agreement, all activities reverting to the County Council.
2. Minimum change, but renegotiate the terms of the agreement.
3. Develop a new agency agreement where some services are undertaken by the City and others by the County where there are clear benefits in changing arrangements.
4. Optimise operational efficiency by bringing together all technical and professional activities at officer level and retain the current democratic arrangements.

All options will need to consider the appropriate mechanism for democratic oversight and its relationship to the Greater Norwich Development Partnership (GNDP) arrangements. Apart from Option 1 the options envisage the continuation of a Norwich Joint Highways Agency Committee. Options 1, 3 and 4 would involve redeployment of staff. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements would apply.

At this stage of the review process it is not possible to identify any specific savings, and significant savings are unlikely except through changes in service levels. In the medium term Option 1, 3 and 4 would appear to offer some opportunities to improve efficiency and robustness. Options 1 and 4 require more radical change and are most likely to involve significant cost and disruption of change.

Action Required

The Committee is asked to comment on its preferred approach to inform the discussion at the County Council's Cabinet.

1. **Background**

- 1.1. Norwich City Council has an agency agreement with the County Council to carry out various 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, improvements to safety and the co-ordination of programmes and works on the city highway network.
- 1.2 The Norwich City Highways Agency Agreement has been in place since the 1974 local government re-organisation and has been renewed every four years. 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. The Agreement has been extended to March 2011 by mutual agreement pending a decision on the Local Government Review (LGR). May Gurney will carry out highway work in the City during that period.
- 1.3 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.
- 1.4 Norwich is a key economic driver for the county. The City 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.
- 1.5 To continue the delivery of highways services within the City area the Agency Agreement needs to be reviewed to determine the best way of delivering the highway functions. The outcome, at a strategic level, should:
 - deliver the highways service as efficiently and effectively as possible and,
 - maintain and strengthen the relationship between the two councils.

The highway services in Norwich must ensure the County's statutory highway duties, policies, standards and practices are met and enable the targets in the Local Transport Plan and Norwich Area Transportation Strategy to be achieved.
- 1.6 The City Council undertakes the enforcement of parking restrictions on behalf of the County Council under a separate service level agreement (SLA) which is linked to, and dependant on, the Agency Agreement. The SLA will not be amended, pending proposals to extend civil parking enforcement to the rest of the County.

2. **Issues**

2.1. In developing a way forward there are a number of issues to consider, for example:

- 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 makes the current agreement difficult to manage at times. For some time the City Council has not had appropriately qualified staff to undertake specialist tasks e.g. developing casualty reduction schemes, undertaking safety audits, structures work and traffic signals. This work has been undertaken by County Council officers. In the medium term budgets and workloads are likely to reduce and rationalisation of teams may be necessary to ensure efficiency and robustness.
- 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 appears to work well.
- There are some areas of the Agreement that do not fully cover the cost of the City Council's activities, in particular the fixed percentage fee for design and supervision of maintenance works.
- 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.
- The network management activity requires co-ordination with activities outside of the Norwich City area. Works on the main roads require the placing of signs on approaches well outside the City boundary.
- 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
 - More consistent service.

3. **Options**

3.1. Four broad options are:

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, for example acting as first point of contact for enquiries, but others are undertaken by the County if cost savings or robustness of skilled staff can be achieved in the medium term.

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.

- 3.2. All options will need to consider the appropriate method for democratic oversight and its relationship to the GNDP arrangements.

4. **Resource Implications**

- 4.1. The City highway network consists of 380km of road, 50km of detached footways and 14km of detached cycleways. The current agency arrangements involve the City Council in managing £3.7m of capital expenditure, £2m of routine maintenance covered by an agency fee of £550k. The City Council employs approximately 25 highways technical staff and 34 parking staff to deliver the agency programme.

- 4.2. **Finance** : The detailed financial implications will emerge during the review, the intention however is to enable the service to be undertaken at minimum cost. It is possible that some savings may be possible in the medium term

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 fully cover city council design costs.

Option 3 costs would depend on the extent of change. The most likely 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 set up costs, similar to those in option 1 above.

Options 1, 3 and 4 all appear to offer some scope to improve efficiency and robustness.

- 4.3. **Staff** : This report has no direct resource implications beyond the staff time to assess the options, which will be funded from existing budgets. Any other staff charges will depend on the option that emerges from the review, if some services transfer from the City Council to the County Council then the staff would be subject to TUPE arrangements.

- 4.4. **Property** : Nil unless a new area office is required in the Norwich area

- 4.5. **IT** : Nil

5. **Other Implications**

- 5.1. **Legal Implications** : Statutory Duty to maintain the highway.

- 5.2. **Human Rights** : Nil

- 5.3. **Equality Impact Assessment (EqIA)** : No equality issues are expected to emerge from the review.

- 5.4. **Communications** : Nil

5.5. **Health and safety implications** : No health and safety implications are expected to emerge from the review.

6. **Section 17 – Crime and Disorder Act**

6.1. Nil

7. **Risk Implications/Assessment**

7.1. If an Agency Agreement is not in place by April 2011 the County Council will have to undertake the current activities as outlined in Option 1

8. **Alternative Options**

8.1. These are discussed in section 3, doing nothing is not an option.

9. **Conclusion**

- (i) 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.
- (ii) Options 1, 3 and 4 would involve redeployment of staff, although they may not be significant in option 3. TUPE arrangements would apply.
- (iii) At this stage of the review process it is not possible to identify any specific savings, and significant savings are unlikely except through changes in service levels. In the medium term Option 1, 3 and 4 would appear to offer some opportunities to improve efficiency and robustness. Options 1 and 4 require more radical change and are most likely to involve significant cost and disruption of change. Option 3 offers more potential scope for improving efficiency and robustness than option 2.

Action Required

- (i) The Committee is asked to comment on its preferred approach to inform the discussion at the County Council's Cabinet.

Background Papers

Norfolk County Council and the City Council of Norwich, Highways Agency Agreement – July 2006.

Procedural Document of the Norwich City Highways Agency Agreement.

Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

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