

Norwich City Agency Review

Report by the Director of Environment, Transport and Development

Summary

This report seeks comments on the draft Highways Agency Agreement between Norfolk County Council and Norwich City Council.

A comprehensive review of all highway functions of the current Agency Agreement has been carried out.

The new Agency Agreement identifies the services that are retained by the City and others moved to the County where there are clear benefits in changing arrangements. These are outlined where there are cost efficiencies and robustness of service.

Action Required

- (i) To consider and comment on the proposed change to the Agency Agreement

1. Background

- 1.1. 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 on behalf of the County Council 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.
- 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 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.
- 1.3. The City Council is the 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.
- 1.4. 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.

- 1.5. The Panel is asked to comment on the Agreement before the County Council's Cabinet and the City Council's Executives consider the new Agreement.

2. Proposed Agreement

- 2.1. 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:

2.2. Statutory functions

- 2.2.1. 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.
- 2.2.2. 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.

2.3. Revenue maintenance

- 2.3.1. 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.
- 2.3.2. To mimic the 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.

2.4. Winter maintenance

- 2.4.1. 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.

- 2.4.2. 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.
- 2.4.3. 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 at 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.

2.5. Agency agreement administration

- 2.5.1. 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.
- 2.5.2. 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.

2.6. Capital fee based work

- 2.6.1. 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.
- 2.6.2. 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 responsibilities, improved traffic management and increased expectations for public involvement.
- 2.6.3. 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. In addition, to the extent that there is scope to reduce typical fee levels, the expectation would be that this would apply equally to work carried out by both councils.

2.7. Technical pool

- 2.7.1. 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 making it more formal it would help to cement common working practices (e.g. use of information technology) as well as improve resilience, particularly for the City Council.
- 2.7.2. 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.
- 2.7.3. The City Council has a particular strength in urban design. 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.

2.8. Information technology

- 2.8.1. 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.

2.9. Works delivery

- 2.9.1. 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.

2.10. Parking

- 2.10.1. 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.

2.11. Casualty reduction

- 2.11.1. 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 customer interface related to road casualties and scheme detailed design and implementation.

2.12. Highway structures

- 2.12.1. 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.

2.13. Strategic transport policy coordination

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

2.14. **Intelligent travel systems**

- 2.14.1. 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.

2.15. **European funding**

- 2.15.1. 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 effect 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.

2.16. **Democratic processes**

- 2.16.1. 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.

3. **Resource Implications**

- 3.1. **Finance:** The cost 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.
- 3.2. **Staff:** The proposals include some potential for a reduction in staff but this possibility needs further detailed development.
- 3.3. **Property:** none.
- 3.4. **IT:** The proposals included in this report relate to the development of IT. They are recommended to improve efficiency. IT systems are already provided by Norfolk County Council as part of its ongoing service delivery.

4. **Other Implications**

- 4.1. **Legal Implications:** If Members support the proposed changes to the Agency Agreement, a legal agreement will be drafted.
- 4.2. **Human Rights:** None.
- 4.3. **Equality Impact Assessment (EqIA):** None. Having an Agency Agreement promotes equality by bringing departmental service aligned to users.
- 4.4. **Communications:** None.
- 4.5. **Health and safety implications:** None.
- 4.6. **Any other implications:** Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

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

5.1. None.

6. **Risk Implications/Assessment**

6.1. The proposed level of staffing is believed to be adequate for the City Council to undertake their duties under the agreement. Performance will continue to be monitored and reported to NHAC. Resource can be reviewed at any time under the agreement.

7. **Overview and Scrutiny Panel Comments**

7.1. The proposals show an overall reduction in costs to the County Council except in respect to the potential fees for design and supervision of maintenance work which reflect more the activities the City have to undertake. This also aligns the City Agency with what happens in the County in financial management and enables more efficient delivery of service within the Partnership. The proposals also include potential reductions in the cost of the winter service and administration.

8. **Alternative Options**

8.1. Not to extend the agreement. If this option is to be taken, all staff whose role is more than 50% related to the Agency Agreement would TUPE to the County Council and appropriate accommodation would have to be provided.

Action Required

- (i) To consider and comment on the proposed change to the Agency Agreement.

Background Papers

Officer Contact

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