

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.**

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

	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
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 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](#)

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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