

**HIGHWAYS AGENCY
(Report by Head of Environment & Transport)**

1. INTRODUCTION

- 1.1 The District Council has undertaken certain highways maintenance functions on behalf of the Cambridgeshire County Council since 1974. These functions have been performed under the terms of an agency agreement (the 'Highways Agency') as provided for in the Local Government Act 1972.
- 1.2 A two-year notice of termination of the Highways Agency was received on 31 March 2004 and was subsequently confirmed by a decision of the County Council's Cabinet on 27 April 2004. Notice also has been served on Fenland District Council and Cambridge City Council. This report identifies, for Cabinet, issues associated with the termination of the Highways Agency.

2. FUNCTIONS PERFORMED ON BEHALF OF THE COUNTY COUNCIL

- 2.1 The agency agreement provides for the District Council to undertake the majority of the functions of a statutory highway authority within the towns of Godmanchester, Huntingdon, Ramsey (including Bury), St Ives and St Neots. The boundary of the agency in each town generally is defined by the point where the national speed limit replaces a lower limit (associated with the urban area).
- 2.2 The principal agency functions undertaken by the District Council are listed at Annex A. The extent to which any function is exercised is determined by —
- funding level provided by County Council
 - standards included in the County Council's Network Management Plan
 - operational policies of the County Council
- 2.3 The District Council enhances the standard of service by funding wholly, or in part, some areas of activity, for example
- verge maintenance – frequency of grass cutting is harmonised with that of adjoining public open spaces;
 - bus shelters – District Council has initiated comprehensive programme of provision using its own resources
- 2.4 In addition to the agency functions the District Council also undertakes the design and implementation of schemes within the highway using related powers. These generally fall into two categories:-
- environmental improvements – schemes funded wholly by the District Council

- transportation schemes – County Council funded, or jointly funded, schemes arising from Market Town Transport Strategies, cycleways programme etc.

3. ORGANISATIONAL AND SERVICE ISSUES ARISING FROM LOSS OF AGENCY

3.1 The agency functions are delivered principally, but not exclusively, by the Highways Teams within the Environment & Transport Division of the Operational Services Directorate. The Highways Team comprises seven employees of which approximately 5.6 full-time equivalents (FTE) are committed to the agency – the other 1.4 undertaking street naming/numbering and land drainage/sewerage functions.

3.2 Within the Environment & Transport Division the Administration Team contribute the equivalent of 0.75 FTE to support of the agency functions. Management and other input from within the division contributes a further 0.2 FTE. The agency, therefore, has a total input of 6.56 FTE from the Environment & Transport Division.

3.3 Other services, outside of the division, also commit time to the agency. These include Legal and Estates, Accountancy, Personnel and several others although in each service the input generally amounts to a small proportion of an FTE.

3.4 At its simplest, therefore, loss of the Highways Agency could result in the deletion of the Highways Team from the establishment with the transfer, under TUPE, of five employees to the County Council. Concurrently with this the District Council will need to take a view on the following –

- arrangements for the delivery of street naming/numbering – this is now closely aligned with the National Land and Property Gazetteer and the transfer of the function (and associated employee) to the Information Management Division in the Commerce and Technology Directorate may be appropriate; and
- arrangements for land drainage/sewerage functions – although currently only accounting for 0.46 FTE the employee responsible for this work could be retained to provide an enhanced level of service in this sensitive area.

3.5 No change currently is proposed to the Administration Team pending future decisions on staffing of the Customer First call centre. At that time the establishment of the Administration Team would be reviewed to deliver, as a minimum, the 0.75 FTE saving from the loss of the Highways Agency. A further saving of 0.15 FTE would arise if the street naming function were transferred out of the division.

3.6 Although not directly an agency function, design activity relating to the public highway is essential to maintaining a critical mass of engineering design staff. Failure to retain a strong Project Team could hamper the delivery of the District Council's Medium Term Plan in future years.

- 3.7 Loss of the agency will divest the District Council of its power to execute works within the highway and unless suitable arrangements can be agreed with the County Council this may hamper the delivery of future environmental improvement schemes and their ongoing maintenance. This could result in the District Council's original investment not being protected. For example, the impact of a town centre environmental improvement can be significantly weakened if subsequent works use inappropriate (cheaper) materials for reinstatements etc.
- 3.8 Historically, the District Council has undertaken design work on behalf of the County Council and has provided a cost-effectiveness service for smaller transport/highways projects, many of which the District Council jointly funds – Brampton to Huntingdon cycleway, for example. Accordingly, it is proposed that the District Council seek an agreement with the County Council for its continued input to the design and maintenance of some works within the highway.
- 3.9 The management of on-street parking is integrated with that of the District Council's off-street car parks and is an efficient and effective service. It would be a retrograde step to relinquish the management of on-street parking at this time, particularly with the potential for a move to LAPE (local authority of parking enforcement – previously decriminalisation) in the medium term.

4.0 POSSIBLE SERVICE IMPROVEMENTS

- 4.1 The quality of our streets is a major factor in shaping the public's impression of the district and, by implication, of the district council. A poor impression can be caused by littering, fly posting, graffiti, abandoned cars, uncollected household waste, missing or damaged street name plates etc. This will be exacerbated if gardens fronting the street are unkempt, hedges overhang the footway and roads and footways are poorly maintained and there is a proliferation of road signs and street furniture
- 4.2 Many councils have demonstrated the value of ensuring the close co-ordination the various services responsible for the issues outlined at paragraph 4.1 above. Typically this approach is called 'street-scene' management and has achieved considerable success in improving public satisfaction with the local environment.
- 4.3 In developing the systems to support the Customer First call centre we are seeking to provide this co-ordinated street-scene approach in our message handling. To achieve a greater impact it is important also that the back-office processes, and organisational culture, foster the same level of integration between services. This will not happen without support and it is proposed that a two-year trial is undertaken to develop and test organisational responses to providing a co-ordinated street-scene service.
- 4.4 To maximise the effectiveness of a street-scene service it would be necessary to include a number of highway's functions. Accordingly it is proposed that a restricted agency is sought with the County Council for the continued delivery of the following:-

- verge maintenance – both within the existing agency areas and in villages
- sign washing
- weed spraying
- removal of fly posting and A-boards
- bus shelters

4.5 As part of any street-scene trial it is proposed that the District Council secure, through a competitive tendering process, a relationship with an appropriate construction contractor for minor construction projects and the execution of repairs and maintenance in car parks etc. It is further proposed that prior to tendering any contract the interest of other district councils in entering into a partnership is explored. Previously other districts have relied on the County Council's highways contractor.

5. FINANCIAL IMPLICATIONS

5.1 The best value review of the District Council's highways agency function completed in 2002 identified that the management and administration of the agency at that time cost the District Council some £120k annually – i.e. the cost exceeded the fee income which was based on the value of work completed in the year. Of the £120k some £40k would immediately be realisable by the discontinuation of the agency: The remainder related to fixed costs (e.g. accommodation) and support service costs (e.g. legal, accountancy, IT services etc.) that could not immediately be reduced.

5.2 The 2004/05 budget identifies expenditure on the management and administration of the agency as £369k with a potential income of £170k. This gives rise to a net cost of £199k and an initial assessment suggests that a minimum of £55k (about 28%) is immediately realisable on the termination of the agency as an annual revenue saving.

5.3 Further work is required to fully evaluate the distribution of the £199k net cost between –

- savings that are immediately realisable – these generally relate to employee costs (salary, national insurance, superannuation, travel etc) of employees directly employed on the agency functions;
- savings that may be realised over time – principally employee costs associated with support services that could be realised only if aggregated with savings in these services arising from other changes; and
- fixed costs – costs relating to IT systems, accommodation etc. that could only be saved if the Council were to complete a major organisational change and/or reduce the size of its offices.

5.4 The cost of addressing the delivery of street naming and land/drainage functions (see paragraph 3.4) following the termination of the agency have yet to be evaluated and may be the subject of MTP bids if they cannot be contained within existing budgets. The financial treatment of any developments in these areas has the

potential to impact on the savings arising from the termination of the agency.

- 5.5 In developing proposals for the delivery of the street-scene approach it will be important to consider the potential for funding from the County Council. They have indicated that their current annual spend on functions that could be undertaken by the District Council, outside of the existing agency areas, is as follows:-

- Tree maintenance £26k
- Grass cutting in villages £60k**.
- Sign Cleaning budget £10k

** includes £25k paid directly to Parish Councils

6. CONCLUSION

- 6.1 The County Council believe, as a result of their recently completed best value review, that the highways maintenance function is best delivered by a comprehensive long-term partnership with a single private sector contractor encompassing both the management and delivery of the function. This militates against traditional agency arrangements in the form currently operated by the District Council. The agency arrangement has, in any event, not been self-financing for the District Council and our own best value review failed to show convincingly that the subsidy (£120k in 2002, now £199k) provided value for money.

- 6.2 There are, however, a range of highways related activities that could be undertaken by the District Council that would benefit local communities and contribute to the development of a co-ordinated 'street-scene' service. These are –

- design of environmental improvements within the highway
- design of jointly funded transport schemes, such as cycleways
- management of on-street parking
- verge maintenance
- sign washing
- weed spraying
- removal of fly posting and A-boards
- bus shelters
- licensing of pavement cafes

- 6.3 The district council already is providing significant funding for a number of these activities, e.g. removal of fly posting, provision of bus stops, and it would seem appropriate to retain direct control over the service delivery.

- 6.4 It is proposed, therefore, that the District Council seeks to secure a new district-wide agency for the delivery of the functions listed at paragraph 6.2 above. The agency agreement to make provision for the County Council to maintain levels of direct funding commensurate with their current budget provision and to make a suitable contribution to the District Council's management and administration costs.


- 6.5 As a consequence of losing the existing highways agency five employees would transfer to the County Council. The financial implications of this and the treatment of other consequential service changes have yet to be fully evaluated and will be the subject of a further report to Cabinet in September.
- 6.6 Although the County Council has given the two years notice of termination required by their agreement with the District Council their relationships with Fenland and Cambridge City are subject to a shorter notice period and will terminate in March 2005. The opportunity may exist to seek an earlier termination of the agreement.

7. RECOMMENDATIONS

- 7.1 It is recommended that Cabinet –
- (a) note that notice has been served requiring the termination of the Highways Agency on 31 March 2006 and accept the principle of the agency being terminated;
 - (b) indicate any preference they may have for seeking an early termination of the agency agreement;
 - (c) note that five employees will transfer to Cambridgeshire County Council under TUPE arrangements if the agency is terminated;
 - (d) require a report to a future meeting detailing the further evaluation of the financial implications of the termination of the agency and consequential service changes, including any relevant MTP bids;
 - (e) support the proposal to develop a co-ordinated 'street-scene' approach to the management of complementary services affecting public areas; and
 - (f) authorise the Director of Operational Services, in consultation with the Executive Councillor responsible for Planning Strategy, to seek to secure a new agreement with the County Council for the discharge of the functions listed at paragraph 6.2 of this report and to report the outcome of the negotiations to a future meeting of the Cabinet.

Background Papers

Highways Agency Agreement
Notice of Termination

Contact Officer: Mr R Preston, Head of Environment and Transport
 **01480 388340**

ANNEX A

PRINCIPAL HIGHWAY'S FUNCTIONS INCLUDED IN THE AGENCY AGREEMENT

Maintenance of Carriageways and Footways	
Cyclical Maintenance	responsive repairs of non-principal roads
Repairs and Renewals	pre-programmed larger scale improvements
Road Markings	provision and maintenance of white and yellow lines
Non-illuminated signs	provision and maintenance of traffic signs including sign washing
Gullies	routine emptying and response maintenance
Verge Maintenance	grass cutting on highway verges
Arboricultural Work	maintenance of trees within the highway
Weed Spraying ***	control of weeds growing in the highway
Fences and Barriers	provision and maintenance
Road Openings	liaison with utilities undertaking works in the highway under NRSWA
Vehicular Crossing	estimates and construction
Licensing and Enforcement	
On-Street Parking	administration of charged on-street parking
A-boards	removal of A-board advertisements in highway
Fly posting	removal of posters etc. on highway equipment and street furniture
Over-hanging Hedges and Trees	service of notice on owners and works in default
Skip Licences	issuing licences for placing builders'skips in the highway
Scaffold Licences	issuing licences for placing of scaffolding on/over the highway
Hoardings	issuing licences for placing hoardings in the highway
Banners	approving temporary banners over the highway
Other Uses	temporary siting of promotional stalls/trailers etc. on highway
Pavement Cafes	issuing licences for placing chairs/tables in the public highway
New Development	
Section 38 Agreements	approval of design and construction of roads and footways provide by developers
Section 106 Works	implementing alterations to the highway funded by developer contributions
Miscellaneous	
Bus Shelters ***	provision and maintenance
Public Rights of Way	maintenance of statutory footpaths/bridleways etc.
Land Charge Searches	providing highway related responses to searches

Items marked *** are undertaken across the whole district – not just within the agency areas.