

Report

Body:	Scrutiny Committee
Date:	19 March 2007
Subject:	Service Review of Highway Management Agreements (Eastbourne and Hastings) in East Sussex – Final Report
Report Of:	Director of Transport and Environment – East Sussex County Council
Ward(s)	All
Purpose	To inform the Scrutiny Committee of the results and recommendations of the Service Review of the Highway Management Agreements.
Recommendation:	To note the recommendation and results of the final report for the Service Review of Highway Management Agreements (Eastbourne and Hastings) in East Sussex.
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1.0 Background

1.1 A Best Value Review of Transport in East Sussex was undertaken in 2004. The Review was completed in June 2004 with a number of recommendations, including that the Highway Management Agreements with Eastbourne and Hastings Borough Councils should be subject to a Service Review with respect to their effectiveness, and whether the provision of the highway function within the Boroughs could be aligned with the proposed new arrangements for service provision from the Network offices. The Service Review commenced in August 2005.

1.2 The Project Board for the Service Review comprised the Lead Members for Transport and Environment from the County Council, and Hastings and Eastbourne Borough Councils.

2.0 Comments

2.1 The main objective of the Service Review was to evaluate the effectiveness of the Management Agreements in accordance with Best Value principles and consider any changes that may be required to the current arrangements. The Review considered whether the Agreements should be:

- (i) retained in the existing form;

- (ii) retained and amended to reflect current practice;
- (iii) rescinded.

- 2.2 Extensive consultation was undertaken as part of the Review including Borough staff, the Network Managers, ESCC officers directly responsible for each of the highway operation areas covered within the Agreements, and a sample of the Kent Districts that previously operated similar Agreements with Kent County Council.
- 2.3 The consultation determined that the Boroughs provide a generally good service in most areas of highway activities although there were a number of inconsistencies with the application of County policy. This was due primarily to a lack of guidance within the Approved Code of Practice, and a perceived lack of effective ongoing communication between County and Borough officers. In addition, it was considered that the current arrangements present problems with integrating Borough highway service provision within the new County system for procuring highway works, and ensuring a consistency of approach to customer queries comparable with the rest of the County.
- 2.4 The Boroughs produced a comprehensive breakdown of the costs associated with the Agreements which demonstrated that the Boroughs were financially subsidising the arrangements. The extent of the subsidy can significantly vary dependent on development income, additional supervision fees, and the appropriate calculation for the support service costs. However, it was appreciated that the net result was a higher quality of service within the Boroughs compared to the rest of the County.
- 2.5 The Appendix to this report contains the Executive Summary, the main body of the Review report, and the Action Plan arising from the Review.

3.0 Resource Implications

3.1 Financial

Based on the existing Management Agreements, there are no direct financial implications arising from this report for the 2007-2008 financial year. However, any changes to the Agreements and Approved Code of Practice arising from the various Action Plan points may have a financial impact although it is not possible to quantify the changes at this time.

Dependent on the outcome of the Action Plan point referring to the review of the management fee, there is the potential for either an increase or decrease in the management fee paid to the Boroughs for the 2009-2010 financial year.

4.0 Other Implications - Environmental

- 4.1 There are no environmental issues arising from this report.

5.0 Conclusion (this should include a summary of the reasons for the recommendations).

- 5.1 Based on the various consultation exercises, the Project Board discounted

the option to retain the Agreements in the existing form. After due consideration of all the various advantages and disadvantages of the two remaining options, the Board recommended that the current arrangements should be retained but that the Agreements and Code of Practice should be revised to reflect current practice. The Action Plan identifies the areas for further investigation.

- 5.2 The recommendation is for the Committee to note the results and proposed Action Plan from the Review.

BOB WILKINS
Director of Transport and Environment

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Background Papers:

The Background Papers used in compiling this report are to be found in the Appendices to the full report which can be inspected in.....



SERVICE REVIEW OF HIGHWAY MANAGEMENT AGREEMENTS (EASTBOURNE AND HASTINGS) IN EAST SUSSEX

December 2006

Board Members:

ESCC Councillor Matthew Lock (Chairman)
EBC Councillor David Elkin
HBC Councillor Godfrey Daniel (until May 2006)
HBC Councillor John Wilson (from June 2006)

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SERVICE REVIEW OF HIGHWAY MANAGEMENT AGREEMENTS (EASTBOURNE AND HASTINGS) IN EAST SUSSEX

EXECUTIVE SUMMARY

Highway Management Agreements exist between the County Council and the Boroughs of Eastbourne and Hastings. The Agreements allow for the Boroughs to provide the majority of highway functions on behalf of the County, utilising allocated revenue and capital funding, in accordance with County guidance, policies and procedures. The Boroughs receive a management fee for the provision of the highways function.

The Agreements have remained essentially unchanged since commencement in 1994. During this period, the provision of highway services outside the Boroughs and across the County has significantly changed including two major restructures of the County highway teams, and the appointment in 2005 of a single term maintenance contractor for all highway works.

The purpose of the Service Review of the Agreements was to evaluate their effectiveness in accordance with Best Value principles and consider any changes that may be required to the current arrangements. The Review considered whether the Agreements should be:

- (i) retained in the existing form;
- (ii) retained and amended to reflect current practice;
- (iii) rescinded.

Extensive consultation was undertaken as part of the Review including Borough staff, the Network Managers, ESCC officers directly responsible for each of the highway operation areas covered within the Agreements, and a sample of the Kent Districts that previously operated similar Agreements with Kent County Council. The Board considered a consultation exercise with the public but decided that it would be unlikely to yield any information that would materially assist with the Review.

The consultation determined that the Boroughs provide a generally good service in most areas of highway activities although there were a number of inconsistencies with the application of County policy. This was due primarily to a lack of guidance within the Approved Code of Practice, and a perceived lack of effective ongoing communication between County and Borough officers. In addition, it was considered that the current arrangements present problems with integrating Borough highway service provision within the new County system for procuring highway works, and ensuring a consistency of approach to customer queries comparable with the rest of the County.

The Boroughs produced a comprehensive breakdown of the costs associated with the Agreements which demonstrated that the Boroughs were financially subsidising the arrangements. The extent of the subsidy can significantly vary dependent on development income, additional supervision fees, and the appropriate calculation for the support service costs. However, it was appreciated that the net result was a higher quality of service within the Boroughs compared to the rest of the County.

Based on the consultation exercise, the Board discounted the option to retain the Agreements in the existing form. After due consideration of all the various advantages and disadvantages of the two remaining options, the Board recommended that the current arrangements should be retained but that the Agreements and Code of Practice should be revised to reflect current practice.

The main points from the proposed action plan are:

- i) Agreements and Approved Code of Practice to be revised and updated to reflect current practices, with particular attention to:
 - a) Development Control
 - b) Travellers
 - c) Rights of Way within Borough urban envelopes
 - d) Establishment of performance indicators to assess service provision
 - e) Network co-ordination and the requirements of the Traffic Management Act

f) Licencing and enforcement.

The revisions and amendments of the Agreement to include a review of the Management Fee.

- ii) Introduce consistent approach across the County for customer, utilising and promoting the new single contact number and Customer Relationship Management system.
- iii) Establish formal lines of communication for operational and strategic issues:
 - Operational – fortnightly meetings between Borough Highway Managers and Network Group Managers
 - Strategic – quarterly meetings at each Borough between respective Lead Members, ESCC Assistant Director and Borough equivalent, bi-annual joint meetings of both Boroughs.
- iv) Annual service review of Management Agreements to be undertaken.

SERVICE REVIEW OF HIGHWAY MANAGEMENT AGREEMENTS (EASTBOURNE AND HASTINGS) IN EAST SUSSEX

1.0 INTRODUCTION

1.1 BACKGROUND TO THE REVIEW

The County Council is the Highway Authority for the highway network (excluding Trunk Roads) across East Sussex. The duties and functions of the Highway Authority are primarily carried out by directly employed County Council personnel. The exception is within Eastbourne and Hastings where Management Agreements are in operation whereby the Boroughs provide the majority of the statutory functions of the Highway Authority utilising County Council allocated budgets and in accordance with County Council policy. The majority of highway works undertaken within the Boroughs are undertaken by the County Councils term maintenance contractor. A management fee is paid to the Boroughs which is increased each year in accordance with the Retail Price Index. For 2005/2006 the management fees for Eastbourne and Hastings were £372,076 and £292,857 respectively.

In November 2003, Cabinet agreed a new way forward for the delivery of highway services. This was based on a new mixed economy of in-house and external services whereby the majority of highway services would be delivered from the Network offices. This provided for a more customer focussed joined up service that reflected the County Council's priorities and had the ability to ensure efficient and effective service provision. The new arrangements came into effect on 1 September 2005.

A Best Value Review of Transport in East Sussex was undertaken in 2004. The Review was completed in June 2004 with a number of recommendations, including that the current Management Agreements with the Boroughs should be reviewed with respect to their effectiveness, and whether the provision of the highway function within the Boroughs could be aligned with the proposed new arrangements for service provision from the Network offices.

1.2 AIMS AND OBJECTIVES OF REVIEW

The overall aim of the review is to consider whether the Agreements should be:

- (a) retained in the existing form;
- (b) retained and amended to reflect current practice;
- (c) rescinded.

1.3 DELEGATED FUNCTIONS

The Management Agreements were first established in 1994. The Agreements included for the following works to be undertaken by the Boroughs on behalf of the County Council:

- Structural maintenance
- Minor and preventative maintenance
- Traffic management
- Development control
- Adoption of highways
- Network management
- New Roads and Streetworks
- Winter and emergency maintenance
- Records and data management

The Agreement does not include for highway structures, streetlights, illuminated signage, traffic signals, light controlled pedestrian crossings and speed cameras.

In 2000, minor amendments were made to the Agreements. The amendments provided for the Boroughs to decide on objections to Traffic Regulation Orders (TROs), and to undertake their own highway schemes, providing the County Council was consulted and approved such schemes.

1.4 PREVIOUS BOROUGH REVIEWS

In 2001, Eastbourne Borough Council carried out a Best Value Review of the Management Agreement. The primary recommendation was that the Agreement should be retained although it was recognised that the overall costs of providing the highways function exceeded the level of funding from the County Council.

In 2001, Hastings Borough Council carried out an Audit of the Management Agreement. It was recognised that there are real benefits to the Borough Council of operating the Agreement, but there was a financial cost to the Borough Council of retaining the Agreement.

1.5 BOROUGH STAFFING ARRANGEMENTS

The number of Borough staff employed on the highways functions associated with the Management Agreements has varied over the course of the Review. This is due to a number of factors including staff leaving, unfilled vacant posts, and the degree of crossover with Borough related functions. Appendix 1 indicates the staff organisational charts for Eastbourne and Hastings in February 2006, however, the charts should only be viewed as indicative of the number and post type.

For Eastbourne, the chart indicates that 11 FTE's are employed directly on the highways function under the terms of the Management Agreement. One additional FTE is separately funded by the County Council to undertake an enforcement role. It should be noted that the Eastbourne chart does not indicate the number of FTE's providing a direct administrative support function to the team.

For Hastings, the chart indicates that 14 FTE's are funded by the Management Agreement including one vacant post. The figures include the administrative support to the team.

1.6 ESCC RESTRUCTURING

Between November 2004 and September 2005, ESCC underwent a major staffing restructure with respect to the delivery of highway services. One of the main implications of the new structure is that the majority of highway and structure design work, including the consultation element, is now undertaken in the Network Offices rather than through external consultants. The effect on the Boroughs was a reduction in the amount of small traffic safety and traffic management schemes previously undertaken by the Borough in-house design teams.

From 1 September 2005, ESCC entered into new contractual arrangements for the provision of highway works. The arrangements require that all highway works below a value of £300k are undertaken either by, or through, a single contractor. However, with respect to the works arrangements for some areas of the highways function within the Boroughs, it was recognised that the current arrangements provide Best Value for the County Council. Consequently, these areas have been excluded from the scope of the new contract with the intention that the current arrangements will continue for the foreseeable future. The relevant highway functions are predominantly those within the cyclic maintenance area, including grass cutting, weed killing and tree pruning and/or tree pollarding.

Under the new structure, the function of determining the highway implications for District Council planning applications was retained as a central function within the Transport & Environment Department and was not devolved to the Network Offices. The Borough Council highway teams continue to provide this function, on behalf of the County Council, for all planning applications submitted to the Borough Council as the Planning Authority. However, for applications which will have a significant effect on the highway infrastructure, the Borough Council highway teams would consult with the County Council and provide a joint response where appropriate.

1.7 LINES OF REPORTING

Since the restructuring, the lines of reporting have transferred from centrally within County Hall to within the Network Offices. The immediate line of reporting for the Boroughs is to the Network Manager for the two Networks. Eastbourne report to Western Network Manager and Hastings report to the Eastern Network Manager.

1.8 DIFFERENCE BETWEEN AGREEMENTS

The main difference between the two Agreements is that ESCC provide the legal support to Traffic Regulation Orders processed by Eastbourne Borough Council whereas Hastings Borough Council manages the whole process.

1.9 NOTICE PERIOD

The Agreements state that a minimum one year notice period is required should either the County Council or respective Borough Council wish to terminate the Agreement. However, the timescale can be reduced by agreement between both parties.

2.0 **SCOPE OF REVIEW**

Full details of the scope, aims and objectives of the Review are shown in the Project Initiation Document (PID) which is contained in Appendix 2.

The Service Review initially set out to investigate and consider the following areas:

- The operation of the Management Agreement, particularly with respect to examples of best practice, and to ensure compliance with the relevant up-to-date Code of Practice
- The overall costs of the agreements including the costs of discrete areas of work within the overall function (recognising the intangible benefits associated with the Agreements)
- How similar management arrangements are operated at comparable Highway Authorities
- Consultation with Scrutiny panels, Members, and staff directly involved in the provision of highway services
- Potential improvements that can be made in service delivery within the Boroughs
- Any potential impact of the new term maintenance contractual arrangements and whether any changes are required to the current reporting arrangements and methods of working, particularly with respect to the co-location working arrangements between contractor and client staff
- If the Agreements are to be retained, identify how the highway teams at the Borough Councils can be linked with the central administration arrangements
- Identify and ensure Member interaction with the functions of the highway teams
- Identify and recommend any performance indicators that can be applied to the Management Agreements.
- identify whether any further Highway Authority powers can be delegated to the Boroughs
- Consider the current management and reporting arrangements of the Agreements and identify any potential improvements

The first meeting of the Review Project Board was held on 16 August 2005.

3.0 **CONSULTATIONS**

3.1 SCRUTINY COMMITTEES

The purpose of the consultation with the Borough and County Scrutiny Committees was to advise of the Review and to invite comments on the Project Initiation Document.

3.1.1 Hastings Borough Council (15 November 2005) and County Council (18 November 2005)

Both Committees noted the ongoing Review and had nothing to add to the PID.

3.1.2 Eastbourne Borough Council (5 December 2005)

The Committee noted the Review and commented that the perception was that the Borough Council received an excellent service from their highways officers. The view of the Committee was that the Agreement should be maintained.

3.2 STAFF

3.2.1 A questionnaire was sent to all Borough staff working directly on the Highways function. The questionnaire was also sent to those Borough staff whose work interacted with the Highways function, including Planning, Parking, Arboricultural, and Parks & Gardens officers.

3.2.2 There were 12 responses from Hastings and 10 from Eastbourne. A copy of the questionnaire and a summary of the response (identified by Borough) are contained in Appendix 3.

3.2.3 The main points to arise from the questionnaire are as follows:

- i) Both Boroughs' staff considered that the main advantage of the current arrangements is the local knowledge of staff, the speed of response to the public, and that the majority of highway disciplines were provided from a local office.
- ii) Both Boroughs' staff considered that the main disadvantages were the disparity in salaries (between Borough and County staff performing the same function), and the relatively poor communication between Borough and County.
- iii) There was no consensus on how the current arrangements could be improved although better communication was referred to in a number of responses.

3.3 EASTBOURNE/HASTINGS HIGHWAY MANAGERS

3.3.1 The Project Board met with the Eastbourne and Hastings Highway Managers on 18 November 2005. The Board wished to determine the Highway Manager's opinion on how the current arrangements were working and whether changes could provide an improved service. The minutes of the meeting are contained in Appendix 4.

Summary of response

Current arrangements:

- i) The highways staff at both Boroughs have extensive experience encompassing all of the delegated highway functions.
- ii) Merits of local provision and local knowledge, particularly for speed of response to customer queries and/or problems.
- iii) Interaction with related Borough functions, particularly planning, development control.
- iv) Cross discipline working facilitated by all functions within one team.
- v) Potential for enhanced Planning gain.
- vi) Multi-disciplined teams can accommodate staff absences.
- vii) Hastings – ability to call on additional Borough resources to assist with highway related functions (streetwardens, parking attendants).

Potential for improvement:

- i) Both Managers agreed that previous reporting arrangements to ESCC had been poor with a perceived lack of effective communication. However, current arrangements had significantly improved the situation with a desire to build and improve on communication at all officer levels.
- ii) The current contractual arrangements for partnership working had made a significant difference to service provision which could be enhanced by co-location.

- iii) It was considered that some of the current delegated functions may benefit from a central control and could be returned to the Network offices (ie planned maintenance).

3.4 NETWORK MANAGERS

- 3.4.1 The Project Board met with the Network Managers for the West and East Networks on 18 November 2005. The Borough Highway Managers direct line of reporting is to the Network Managers. The Board wished to determine the opinion of the Managers on how the current arrangements were working and whether changes could provide an improved service. The minutes of the meeting are contained in Appendix 4.

Summary of response

Current arrangements:

- i) Both Managers agreed that the current arrangements generally work well although there is a perceived potential for problems where County and Borough functions may conflict.
- ii) Local knowledge of Borough staff is a significant benefit.
- iii) Relatively small size of teams provides a vulnerability to service delivery when staff leave posts or are absent.
- iv) Development Control matters are dealt with more comprehensively than at County level due to the local knowledge of officers and the co-location with the Borough planning function.
- v) Traffic matters are comprehensively dealt with in Hastings due to Borough enhancement of function.
- vi) There is a potential for Borough highway officers to be subject to local political pressures from Borough Members.
- vii) Perceived weakness in network management due to lack of dedicated function within the Boroughs.
- viii) Inconsistencies with respect to service delivery.
- ix) The County Council and Highways Agency involvement in Borough highway initiatives is not always considered.
- x) There is a perception that the Boroughs blame the County Council when complaints are received, as opposed to joint ownership.
- xi) Public perception is that highway operations are a Borough function and not seen as a joined-up integrated function across the County.

Potential for improvement:

- i) Introduce consistency of approach for dealing with all highway functions.
- ii) Introduce co-location for contractor/Borough staff.
- iii) Need to put in place procedures to comply with Traffic Management Act as this is currently a function outside of the Management Agreement.
- iv) Introduce enhanced communication procedures.

3.5 ESCC MANAGERS

3.5.1 Maintenance

A report was prepared on maintenance activities by the ESCC Maintenance, Policy and Asset Manager. Maintenance activities include inspections, claims handling, enforcement, budget management and works programmes. The report is contained in Appendix 5.

In summary, the report considered the following:

- i) The Boroughs effectively manage the work programmes and budgets and are comparable with the Network offices.
- ii) Local delivery of service is facilitated by locally based officers with the inspection function performed to a satisfactory standard.

- iii) Enforcement work in both Boroughs is managed effectively and comparable with the Network offices.

3.5.2 Land and Property

A report was prepared on land and property issues by the ESCC Land & Property Manager. Land and property issues include land searches, dealing with travellers, and clarification on highway status. The report is contained in Appendix 5.

In summary, the report considered the following:

- i) There are no issues with respect to Eastbourne.
- ii) The absence of clarity on delegated functions has provided problem and misunderstandings within Hastings, particularly with respect to extent of highway and traveller issues.

3.5.3 NRSWA function

A report was prepared on the NRSWA function undertaken within the Boroughs by the ESCC Traffic Manager. The NRSWA function includes for the inspection and control of all utility company works within the Boroughs. This function is under the direct control of the Traffic Management team at County Hall which issues the inspection notices to the respective NRSWA Inspectors within both the Boroughs and the Networks. The report is contained in Appendix 5.

In summary, the report considered the following:

- i) Eastbourne performs to a consistently high standard completing virtually all sample and defect inspections within required timescales.
- ii) Hastings has apparently not delivered the NRSWA function to the same standard as Eastbourne but was improving.

3.5.4 Legal

An ESCC Senior Solicitor reported on legal issues associated with the highways function within the Boroughs. The ESCC legal team work closely with both Boroughs on highway adoption agreements, and process all the Traffic Regulation Orders for Eastbourne. This function is performed in-house in Hastings. A report was not prepared as it was considered that there were no issues or problems with the legal function.

3.5.5 Development Control

Initial discussions between the relevant development control officers at County and Borough levels determined that there was a perceived difference of opinion on how this function was operated. It was appreciated by the Project Board that there was inadequate procedures or guidance associated with this function which was further complicated by the County decision during the course of the Review to restrict the size of development on which highway comments would be provided.

A number of meetings were held between the ESCC Head of Strategic Network Services, and the Borough Highway Managers. The result of the meetings was a joint agreed position statement that outlined the future delivery of the Development Control service. The statement is contained in Appendix 5.

In summary, the statement contained the following points:

- i) No agreement on whether the provision of a development control function should be a central or local function.
- ii) Unclear guidance on the size of development that should always be referred to the central County development control team.

- iii) Agreement for Borough and County officers to meet on a monthly basis.
- iv) Performance Indicators to be established to assess service delivery

3.6 EXTERNAL (OTHER HIGHWAY AUTHORITIES)

It was noted that Kent County Council had maintained similar Management Agreements with the 15 Kent Districts. However, these had all been rescinded from 1 April 2005 and the highways service function was now provided centrally. The Project Board decided that a sample of the Districts, based on those similar in size and location to Eastbourne and Hastings, should be contacted to determine the effects of the changes with respect to service delivery and public perception. The relevant officers at Maidstone, Dover and Shepway were contacted in writing.

The response from Maidstone Borough Council indicated that the general view of the public, officers and several Members was that service provision had worsened considerably. Examples quoted related to highway repairs, non co-ordination of roadworks, and a lack of response to correspondence. It was pointed out that some reduction of service had been anticipated but, after 12 months of the new arrangements, the problems were continuing. The view of the Borough Council was that the problems were reflected across the County. A copy of the response letter from Maidstone Borough Council is contained in Appendix 6.

In contrast, the response from Shepway District Council (responsible for Folkestone, Hythe and Romney Marsh) indicated that, after some initial difficulties, the officers view is that highway issues raised either by members of the public or by District Councillors appear to receive a reasonably efficient response, even though work required may be delayed until resources are available. The overall perception of officers who have regular dealings with Kent Highways Services, who provide the highways function within Kent, is that the current service is an improvement to the previous arrangements.

No response was received from Dover District Council. A copy of the response letters from Maidstone Borough Council and Shepway District Council are contained in Appendix 6.

4.0 **FINDINGS AND CONSIDERATIONS**

Note: Appendix 7 provides a summary of the findings and considerations for the options of retaining and rescinding the Agreements.

4.1 FINANCIAL

4.1.1 Costs to ESCC

The management fees for 2005-2006 are as follows:

Eastbourne	£372,076
Hastings	£292,857

The fees are based on highway lengths with an adjustment for highway areas that require enhanced maintenance costs, such as the Victorian block pavements located in extensive footway areas within Eastbourne. The fees comprise elements for maintenance, traffic and development control. The fees are increased each year based on the Retail Price Index. The Agreements state that the fees can only be adjusted if the works revenue budgets change by more than 20%.

The Review considered the potential revision of the fee structure but this could only be undertaken within any potential revision to the Agreements. If the Agreements should be rescinded, ESCC would potentially transfer the Borough staff to the Networks in order to fulfil the highway functions within the Boroughs. Additional costs to ESCC would be for the

necessary legal work associated with Traffic Regulation Orders within Hastings as this is currently directly funded by the Borough Council.

An exercise was undertaken to determine the costs of providing the highways function within the Boroughs by directly employed ESCC staff at a reduced service level comparable to that currently in place within the Networks. This equated to approximately £280,000. A number of assumptions were made in establishing the required staff complement to fulfil the highways function within the Boroughs, specifically:

- i) Minimum one years notice for changeover to full ESCC responsibility.
- ii) All management elements of term maintenance contract in place (site supervision, 10% 10% audit checks, self-certification).
- iii) Full business support for administrative procedures in place prior to changeover (claims, recoverable accounts, TRO processing, licencing activities, contact centre)
- iv) All IT core systems in place (works ordering, defect recording, asset management).
- v) Development Control function to be dealt with centrally.

It is appreciated that the current level of service within the Boroughs is at a higher level due to the local provision, Borough enhancement to highway service areas (traffic, grass cutting, arboricultural services), the interaction with Borough provided services, and the Borough elected financial subsidies.

4.1.2 Costs to Boroughs

Based on figures provided by the Borough Councils as contained in Appendix 8, the actual costs to the Boroughs for providing the highways function within Eastbourne and Hastings for 2005-2006 are as follows:

Eastbourne	£124,282
Hastings	£153,455

The above costs are for the provision of the delegated highway functions stated within the Agreements. The costs to the Boroughs for providing enhanced highway service levels have not been included. The Borough subsidies can significantly vary on an annual basis due to the level of development control income, professional fees and additional supervision fees for Local Transport Plan capital allocations. It should be noted that the supervision fees for 2005-2006 were significantly reduced on previous years.

As a further consideration, it is perceived by the Boroughs that devolvement of the development control function to County Hall would result in non attainment of targets for highway comments on planning applications. This would result in a potential loss of planning grants.

4.1.3 Future works budgets

Both the capital and revenue budget allocations for highway works will effectively reduce in future years. This is against a background where the revenue budget has not kept pace with the costs to procure works for a succession of previous years. Capital allocations are outside the scope of the Management Agreements with additional supervision for capital works funded by a Borough allocation equivalent to 5% of the works budget.

Part of the reason for the restructuring of the Networks was to accommodate the fluctuations in works budgets and provide for a more flexible workforce.

If the Agreements are retained, then there is a need to identify a more flexible management fee arrangement, particularly with respect to the 20% figure. However, it is appreciated that any changes to the management fee structure would need to be incremental and with sufficient timescales to allow the Boroughs to instigate any appropriate action.

If the Agreements were to be rescinded, it is perceived that the single workforce contained within the Networks could accommodate some budget reductions by transferring staff to other operational areas, as opposed to compulsory redundancies.

4.1.4 Economy of scale

Retention of the Agreements provides less opportunity for inter-departmental movement of staff in order to take advantage of peaks and troughs in different work areas. It is recognised that the current staffing arrangements within the Boroughs has the potential for producing single expert dependency, particularly for specialist areas such as traffic and development control. If the Agreements should be retained, then consideration should be given to formal arrangements for staff secondments.

If the Agreements should be rescinded, it is recognised that provision of the overall highway service across the County would require less staff than the current Network/Borough arrangements, predominantly in areas such as administrative support and management of the various functions. However, it is also recognised that this would reduce the level of service within the Boroughs to a level comparable with the Networks.

As part of the Review, it was considered whether some of the delegated functions could be retained by the Boroughs whilst others could be returned to County. Hastings stated that it would wish to retain traffic and development control but would be prepared to release highway inspections and maintenance. The Board considered this option but decided that it would be inappropriate and impractical to separate the functions due primarily to the interaction between the work areas and the relatively low component of the management fee allocated for the traffic and development control functions.

4.1.5 TUPE

There would be no TUPE considerations if the Agreements were to be retained.

If the Agreements were rescinded, the existing Borough staff working directly on the highway functions specified within the Agreements would be transferred to the Networks or the relevant department within the County Council.

4.2 ADVANTAGES AND DISADVANTAGES – RETENTION OF AGREEMENTS

4.2.1 Advantages to ESCC

- i) Current level of subsidy provided by the Boroughs to enhance the highway function.
- ii) Enhanced service provision.
- iii) Confidence of service provision within the Boroughs.
- iv) Local knowledge and experience of Borough staff.
- v) Location of Borough staff, both geographically and with respect to interaction with Borough provided functions.
- vi) Reduced managerial responsibility for operational issues and no responsibility for personnel issues.
- vii) Potential higher planning gain.

4.2.2 Disadvantages to ESCC

- i) Consistency of approach to highway matters (travellers, rights of way, development control, sponsorship of highway assets).
- ii) Perceived loss of sponsorship income (streetlights, roundabouts).
- iii) Contrary to East Sussex Highways branding.
- iv) Difficulties with achieving co-location with term maintenance contractor in Borough offices
- v) Potential difficulties associated with works programming as network co-ordination and Traffic Management Act compliance is not currently a delegated function to the Borough highways staff.

- vi) Loss of development control income.
- vii) Higher costs in comparison with the Borough highway function undertaken from the Network offices, particularly when it is accepted that the current level of service within the Boroughs is higher than within the Networks.
- viii) From a political perspective, there is a selective credit and blame approach to a County function within the Boroughs.
- ix) Local Member influence on Borough highway officers.

4.2.3 Advantages to Boroughs

- i) Local Member involvement in decision making.
- ii) Member access to highway officers.
- iii) Consistent approach to development control matters.
- iv) Direct interaction with Borough functions.
- v) Direct input to highway schemes.
- vi) Planning gain due to interaction between Planning/Highways officers.
- vii) In-house design team.
- viii) Speed of response to land search inquiries and no external costs for Borough function.
- ix) Event planning.
- x) Combining highway/Borough functions (grass cutting, trees)

4.2.4 Disadvantages to Boroughs

- i) Costs.
- ii) Public perception as to highway responsibility.
- iii) Staff retention and/or recruitment.
- iv) Single expert working vulnerable to staff leaving/absence/sickness.
- v) Reduced team is a potential problem if staff leave/absent/sick.
- vi) Less potential for training opportunities.

4.3 ADVANTAGES AND DISADVANTAGES – RESCINDMENT OF AGREEMENTS

4.3.1 Advantages to ESCC

- i) Reduced cost of overall service provision.
- ii) Consistent East Sussex Highways branding.
- iii) Consistency of approach County-wide to all highway functions.

4.3.2 Disadvantages to ESCC

- i) Reduced customer service due to non-local provision of some highway functions
- ii) Reduced level of service due to potential reduction in staff numbers working within Borough.

4.3.3 Advantages to Boroughs

- i) Financial savings due to removal of Borough subsidy. However, the only immediate savings would be on salaries as presumably the associated support services costs would require to be assimilated within existing Borough services.

4.3.4 Disadvantages to Boroughs

- i) Perceived loss of Borough Member involvement in operational activities.
- ii) Increased response time for highway comments on planning applications.
- iii) Reduced level of highway service.

4.4 STRATEGIC CONSIDERATIONS

4.4.1 Ownership of highways function

The current arrangements entails that there are three distinct work forces providing the same function. Although similar, the different organisations each have separate visions, objectives and mission statements.

If the Agreements are to be retained, there is a need to introduce or improve the current Network arrangements of co-location and partnership ideals. There is also a need to enhance the working relationships and communication between Borough and County staff.

Rescinding the Agreements will provide for common aims and objectives, and ensure that all highways staff receive parity on terms, conditions and salaries.

4.4.2 Consistency of approach

During the course of the Review it has become evident that there are differences in the way that the highway function is discharged between Borough and County levels. Examples include traffic matters, Rights of Way issues, development control, land issues, and dealing with travellers. If the Agreements are to be retained, there is a confirmed need to significantly amend and update the Approved Code of Practice to reflect current County practice.

If the Agreements are withdrawn, the single work force should ensure a consistent approach to all highway functions.

4.4.3 Customer service

During the course of the Review, new mail system and contact centre arrangements have been introduced in the Networks. The main change is a single telephone number and e-mail contact for all highway queries. This is to ensure that all highway queries are dealt with in accordance with ODPM guidance on Tier 1 responses (ie 80% of all queries are dealt with at the first point of contact). The Boroughs have not been involved in this process and maintain their own contact arrangements. In addition, the County Council are to introduce a new computer based Core System in 2007 which will encompass inspections, defect recording, asset management, customer contact including complaints handling, utility works control and works ordering.

If the Agreements are to be retained, then it is important that all Borough highway functions are dealt with through the Core System. An example includes public contact with highways where it is appreciated that the Boroughs currently receive approximately 30,000 telephone calls per year. It is both a central government and County Council priority to ensure that these contacts are dealt with within the same criteria applied within the Networks.

4.4.4 East Sussex Highways

East Sussex Highways (ESH) is the new brand for the partnership of the County Council with May Gurney, the term maintenance contractor for all highway works. All contractor and County highway staff vehicles have identical logos which incorporate the single telephone contact number and which promote the ESH partnership. Currently, the Boroughs fall outside this corporate branding although they are considered to be an integral part of the Partnership.

If the Agreements are to be retained, consideration should be given to further promotion of ESH in the Boroughs through advertising and publicity for the single point of contact. This should assist with the perceived public misunderstanding of the Borough and County responsibilities with respect to the highways function.

If the Agreements were withdrawn, the highway function would be provided direct by County staff through the current contact centres. This would eventually remove any misunderstanding on service provision.

4.5 OPERATIONAL CONSIDERATIONS

4.5.1 Contact centre operation

The Networks have introduced the 0845 60 80 193 single contact number for all highways related calls. In addition, a new CRM system has been adopted which will eventually enable the Contact Centre staff to deal with 80% of all inquiries at first contact. As part of the CRM system, all calls are recorded to ensure any appropriate action is undertaken and that there is a record of the action. The Boroughs do not currently have access to this system. Eastbourne highway calls are received as part of general inquiries to the Amenities and Contract Management team but are generally passed to the relevant highway officers and usually not recorded. Hastings highway calls are received through a contact centre arrangement within the Environmental Group.

If the Agreements are to be retained, there is a need to collect and record all highway calls to the Boroughs to ensure consistency of service across the County.

4.5.2 Co-location of contractor and highway staff

One of the primary ideals of the new term maintenance contract for highway works is partnership working, based on the premise of co-location between highway officers and contractor staff. This is now working highly effectively within the Network offices. If the Agreements are to be retained, then there is a need to identify how co-location can be achieved within the Boroughs. This will necessitate the involvement of the contractor as there may be additional staff implications.

4.5.3 Works programming

The legislative requirements of the Traffic Management Act, and the single contractor for all highway works, now requires a significant element of works programming and road space booking. New posts were identified in the Networks to accommodate the above requirements comprising a Network Co-ordination Manager and a Local Network Operator. The new posts have a close working relationship with all Group Managers for highway works. There are no comparable posts within the Borough and the function is not identified within the Agreements. If the Agreements are to be retained, this would need to be accommodated within any revisions to the Approved Code of Practice.

4.5.4 Locally based office for highway functions

The current Borough arrangements ensure that all the delegated highway functions are operated from a central point within the Boroughs. This has the obvious benefits on speed of response and improved service to the public. As part of the Review, it was considered that there was a benefit to some work areas being locally based (inspections, basic/cyclic maintenance, development control, response to public personal calls) but the remaining areas (traffic, planned maintenance) could be remotely based. With the introduction of self-certification, vehicle telematics, and 10% audit checks for works, the need for a locally based team for works checking would be further reduced.

4.5.5 Operational line management.

Over the course of the Review, the lines of reporting for operational line management have been reviewed and formalised to the Network Managers. It is recognised that the County responsibility under the Agreements with respect to meetings and performance management has not been completed over recent years. It has also been evident that the Borough staff view communication as an area for improvement. If the Agreements are to be retained, there is a need to revise the reporting arrangements to reflect current practice, establish Performance Indicators to assess and monitor the Borough output, and to set up lines of communication at all staff levels.

4.5.6 Staffing.

The Boroughs accept that the relative size of the highway teams in comparison with the Networks introduces an element of vulnerability to staff absence and sickness. This is exacerbated by national recruitment problems to some civil engineering posts which is due to geographical location and the relatively low salary structure in comparison with County.

The Board considered that there should be closer liaison between the Networks and the Boroughs to ensure early identification of any staffing problems, and to potentially identify any sharing of resources.

4.5.7 Rights of Way

Currently, the responsibility for inspection and maintenance of Rights of Way within the urban envelope is not clearly defined. Rights of Way do not form part of the defined adopted public highway network maintained at public expense but do fall under the responsibility of the Transport and Environment Department. There is a desire that the Agreements should clearly define the extent and type of inspection/maintenance responsibility but it is accepted that there is no additional works budget provision.

If the Agreements are to be retained, both the HMPP and the Approved Code of Practice (ACOP) need to be revised.

4.5.8 Travellers

The Review identified that there was some misunderstanding over responsibility for dealing with traveller incursions onto adopted highway. If the Agreements are to be retained, the Approved Code of Practice needs to be revised to identify the appropriate procedures.

4.5.9 Development Control

See 3.5.5. If the Agreements are to be retained, there is a need to compile a guidance note to ensure a consistent approach to development control matters.

4.5.10 NRSWA function

See 3.5.3. The report from the ESCC Traffic Manager identified that there had been some problems with Hastings complying with the sample inspection list for utility works. It was explained that this was a temporary issue and normal service had been resumed. However, the respective line managers for the highways function in both Boroughs requested to be informed of any future problems in order to be take the appropriate action where required.

4.5.11 Decriminalised Parking

The Review Board decided that Decriminalised Parking Enforcement (now Civil Parking Enforcement) should not be included in the scope of the Review as this was outside of the Agreements.

4.5.12 Event Planning

Currently, Borough officers have a high level of involvement with events. This ensures effective event planning, full compliance with the Traffic Management Act, and proper co-ordination with highway and utility works. There is a need to consider the degree of officer involvement in event planning should the Agreements be rescinded, particularly to ensure that the Borough events team are informed and comply with any legislative requirements.

4.5.13 Exit strategy

If decision is taken to rescind the Agreements, a significant degree of work would be involved to develop an exit strategy to ensure continuity of service provision and maintain staff morale.

4.6 LEGISLATIVE

4.6.1 Traffic Management Act

The TMA places a statutory duty on the Highway Authority to co-ordinate all works on the highway and ensure expeditious movement of highway traffic. Compliance with the TMA is mandatory but this is a function which is not identified within the Agreements. There is a need for the Boroughs to perform the network co-ordination function and to specify the liaison requirements with the Networks (see 4.5.3) within the ACOP. If the Agreements were withdrawn, the TMA requirements would be dealt with by the Networks.

4.6.2 Traffic Regulation Orders

Currently, as part of the Agreements, the legal department at Hastings Borough Council deal with all Traffic Regulation Orders for Hastings, both for traffic management and parking schemes. There would be a need to consider the additional workload on the ESCC legal team should the Agreements be withdrawn with the associated withdrawal of the Hastings legal support.

5.0 **RECOMMENDATION**

5.1 As a result of an extensive consideration of the current working arrangements of the Agreements, the Board agreed to discount the option to retain the Agreements in their current form.

5.2 Following consideration of the remaining two options, and with due account to the relative advantages and disadvantages of each, the Project Board unanimously agreed that the Agreements should be retained but brought up to date to reflect the new working arrangements and available budgets.

5.3 The Board identified a number of areas for early consideration and action:

- i) Agreements and Approved Code of Practice to be revised and updated to reflect current practices, with particular attention to:
 - a) Development Control
 - b) Travellers
 - c) Rights of Way within Borough urban envelopes
 - d) Establishment of performance indicators to assess service provision
 - e) Network co-ordination and the requirements of the Traffic Management Act
 - f) Licencing and enforcement.

The revisions and amendments of the Agreement to include a review of the Management Fee.

- ii) Introduce consistent approach across the County for customer, utilising and promoting the new single contact number and Customer Relationship Management system.
- iii) Establish formal lines of communication for operational and strategic issues:
 - Operational – fortnightly meetings between Borough Highway Managers and Network Group Managers
 - Strategic – quarterly meetings at each Borough between respective Lead Members, ESCC Assistant Director and Borough equivalent, bi-annual joint meetings of both Boroughs.
- iv) Annual service review of Management Agreements to be undertaken.

Appendix 9 contains the proposed Action Plan which identifies the above areas, the proposed timescales and the responsible officers.

APPENDIX A

Action plan

APPENDIX A – SERVICE REVIEW ACTION PLAN

NO.	ACTION	MEASURE	TARGET	IMPLEMENTATION TIMETABLE	BUDGET IMPLICATIONS	RESPONSIBLE OFFICER
1.	Management Agreement to be revised and updated to reflect current County Council practice and potential revisions to Approved Code of Practice (ACOP). To include a review of the management fee.	Revised Agreement in place	Agreement to incorporate updates identified from the Review and changes to the ACOP. Review of the management fee in accordance with potential revisions to the Agreements in conjunction with providing an equivalent level of service within the Boroughs to that provided across the rest of the County.	Process to commence December 2006. To be completed by August 2007. NB: Potential changes to Management Fee would not be implemented until 2009/2010.	Officer time from existing resources	Assistant Director - Transport & Waste Project Manager to co-ordinate.
2.	ACOP to be revised to reflect current County Council practice and changes to highway legislation.	Revised ACOP in place	<p>ACOP to incorporate consistent procedures for specific highway activities</p> <ul style="list-style-type: none"> i) Development Control ii) Travellers iii) Rights of Way within Borough urban envelopes iv) Establishment of performance indicators to assess service provision v) Network Co-ordination and compliance with Traffic Management Act (to include statutory undertakers' co-ordination) vi) Licencing and enforcement 	Process to commence December 2006. To be completed by August 2007.	Officer time from existing resources	<p>Assistant Director - Transport & Waste Co-ordinators for identified areas:</p> <ul style="list-style-type: none"> i) Development Control Manager ii) Network Manager (East) iii) Head of Rights of Way iv) Maintenance, Policy & Asset Manager v) Traffic Manager vi) Network Highway Operations Managers

NO.	ACTION	MEASURE	TARGET	IMPLEMENTATION TIMETABLE	BUDGET IMPLICATIONS	RESPONSIBLE OFFICER
3.	Establishing consistency of approach between Networks and Boroughs for customer contact	Combined and consistent reporting of management information and customer contact performance data, comparable with Networks.	All customer highway queries through single point of contact (telephone, E-mail, other correspondence)	Process to commence December 2006. Timescale dependent on CoSy implementation timetable. Provisional completion by Aug 2007.	Anticipated to be cost neutral to County Council.	Assistant Director - Transport & Waste Head of Performance Improvement to co-ordinate.
4.	Improve communications between County and Boroughs	Borough staff survey – satisfaction of communication levels	Establish formal lines of communication for operational and strategic issues. <u>Operational</u> Fortnightly meetings between Borough Highway Managers and Network Group Managers. <u>Strategic</u> Quarterly meetings for each Borough between Lead Members, ESCC Assistant Director and Borough equivalent. Bi-annual joint meetings of above participants.	Immediately.	Officer time from existing resources	<u>Operational</u> Network Managers <u>Strategic</u> PA to Assistant Director – Transport & Waste
5.	Annual Service Review of Management Agreements	Determination of future of Agreements	Completion of annual review and report to Lead Member.	First review to be undertaken approx. 12 months after completion of Service Review.	Officer time from existing resources	Assistant Director - Transport & Waste

Note: With respect to monitoring of the Action Plan, a report will be submitted to the Lead Member on a quarterly basis identifying progress against the required actions. The report will also be made available to the Borough Lead Members. In addition, quarterly meetings are to be held with the Lead Member to provide any further information or clarification that may be required.