

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 JANUARY 2018****REPORT OF: MR COLIN KEMP, CABINET MEMBER FOR HIGHWAYS****LEAD OFFICER: JASON RUSSELL DEPUTY DIRECTOR FOR ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: HIGHWAY ENVIRONMENTAL MAINTENANCE AGENCY AGREEMENTS****SUMMARY OF ISSUE:**

The County Council has operated agency agreements with ten of the Surrey District / Borough Councils and one consortium of Parish Councils, to undertake environmental maintenance. This includes the management and maintenance of highway grass verges, routine weed control and some hedges. For Woking only this also includes highway trees.

Due to the financial pressures facing the County Council, there is the need to reduce expenditure for highway environmental maintenance. Discussions have been held with the Districts and Boroughs as to the best method of achieving this.

Authorisation is sought to enter into agency agreements as detailed within this report, which will reflect the lower level of funding and associated service provision.

**RECOMMENDATIONS:**

It is recommended that:

1. Authority is given for the Head of Highways & Transport, in consultation with the Cabinet Member for Highways to enter into formal agency agreements with the District and Borough Councils to undertake highway environmental maintenance works.
2. Funding levels, at the reduced rates are maintained for the duration of the initial four year agency agreements, with annual adjustment for inflation.
3. Where no agreement can be made with a District or Borough, the County Council will directly manage highways environmental maintenance for that area.

**REASON FOR RECOMMENDATIONS:**

Agency agreements need to be established to ensure that the County Council can continue working with Districts and Boroughs so they can provide highway environmental maintenance activities on behalf of the County Council.

<b>DETAILS:</b>
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### **Background information**

1. The County Council has a statutory responsibility to undertake environmental maintenance of the highways. The three main areas are grass cutting, weed control and highway trees. In addition we maintain a number of hedges and ensure that private landowners maintain trees or hedges that encroach the highway or that are considered to be a risk to endanger highway users.
2. At this time we operate agency agreements with all Districts and Boroughs other than Tandridge to maintain highway verges and weed control. We have a separate agreement with a consortium of Parish Councils in Tandridge (known as the Lingfield HUB) who manage grass cutting in the south of that District.
3. For Woking, the agency agreement includes management of highway trees. This is a long standing arrangement and Woking is now the only Borough that undertakes this on our behalf. Epsom & Ewell handed this back to the County Council in April 2017, with no other District or Borough managing highway trees in recent years.
4. As part of Highways required contribution to the County Council savings plan, from 2018/19 the budget for environmental maintenance (excluding trees) is being reduced by £700,000, approximately 36%. This means that the current agreements and their prescribed levels of funding are unsustainable. Therefore in March 2017, the then Cabinet Member for Highways and Transportation advised agents that savings must be made and served notice that if an agreement could not be reached, we would look to terminate the agreements from April 2018. It is proposed new four year agreements are put in place from April 2018.
5. Considerable costs are incurred in providing traffic management to enable the safe cutting of grass on some high speed roads. The County Council manages and funds this on behalf of the agents, outside of these agreements.

### **Agent funding levels**

6. Historically there has been a discrepancy in funding levels between Districts / Boroughs, due to local negotiations. This was addressed when the current agreements (from 2016) were agreed. Environmental services was market tested and a new "Countryside Framework" contract came in to effect from April 2016. Agents' fees were then calculated according to the framework with additional uplift to cover administrative and contract management costs. This resulted in substantial savings. For grass cutting and weed control only, in 2015/16 the County Council spent £1.91m. Under these new arrangements, for a similar level of service this financial year the expenditure will be £1.68m, representing a saving of just over 12%. These figures do not include flailing or traffic management costs. The agents have access to the County Council's framework contract but take up has been very low, with their preference to use either their own contracts or direct labour resource.

7. It is acknowledged that some Districts / Boroughs actively contribute either additional finance or use their own resources to improve levels of service to their residents.
8. To achieve the financial savings it is proposed that the sums paid to our agents will reduce by 36% from the levels paid in 2017/18. This maintains the link between market costs for a specific District or Borough, is transparent and continues to ensure that the County Council pays rates broadly in line with the market.
9. A collective requirement from the Districts and Boroughs is that the County Council does not further review funding levels during the proposed initial four year agreement and that each year RPI(x) is added to the 2018/19 sums.

### **Service Specification**

10. The current minimum service specification is generally 6 urban grass cuts, 3 rural and 3 weed spray treatments. An urban cut is where an entire grass verge benefits from a close cut, whereas a rural cut is a 1 metre wide swath at the edge of a road. There is some local flexibility with some areas opting for 7 urban cuts and 2 rural, to reflect the makeup and preferences of their area.
11. Officers have reviewed what an acceptable minimum standard is. This has been through discussions with our agents, contractors and other authorities. It is generally accepted that the minimum number of urban cuts is four, rural cuts is two and one comprehensive weed spray treatment. Critical sightlines will need to be maintained as required. With a reduced number of cuts, the timing becomes more critical. The rate of grass growth can alter substantially from year to year depending on the weather conditions. It is acknowledged that this reduction in service may likely have an impact on the street scene.
12. It is clear that our agents have a strong preference for us to specify a minimum number but enable them to use the resources available and determine what they think is right for their areas. This will be reflected in the new agreements. Our agents are keen to ensure the best service for their residents.
13. County officers have modelled the new funding levels against actual costings from our Countryside Works Contract. With a 36% reduction, all Districts will still have sufficient funding to undertake at least the minimum service specification detailed above, while maintaining safe sightlines and treatment for existing noxious weed sites.

### **Proposed agreements**

14. The following have formally agreed to continue acting as our agents for grass cutting and weed control, on the revised terms

Epsom & Ewell  
 Elmbridge  
 Guildford  
 Reigate & Banstead  
 Runnymede  
 Spelthorne

Surrey Heath  
Waverley  
Woking

15. Tandridge District Council is keen to act as our agent, subject to their own agreements with their Parish Councils. If consent is reached an agency agreement will be offered to Tandridge when they are in a position to take on these responsibilities. Until there is an agreement, the County Council will directly manage environmental maintenance in Tandridge.
16. Mole Valley District Council and the Lingfield HUB have both declined to continue acting as our agent. The County Council will undertake this in Mole Valley. The Lingfield HUB area, which covers part of Tandridge will either be managed by the County Council or Tandridge District Council.
17. Woking Borough Council will continue to manage highway trees within their borough. No other District or Boroughs have expressed an interest in managing highway trees. However, should this position change and it is cost neutral to the County Council, they would be offered an agency agreement.

#### **CONSULTATION:**

18. Surrey Chief Executives established a sub-group to consider joint working, chaired by the Chief Executive of Elmbridge Borough Council. This group has considered these proposals and implications.
19. Local Committee Chairmen, Deputy Leader and Surrey Leaders group and District / Borough Councils have all been consulted.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

20. If agreements are not put in place, there is the risk that that capacity within the County Council's existing framework contract may not be sufficient to ensure an adequate level of service across the County. This risk has been mitigated by securing the agreement of most Districts and Boroughs to new arrangements.
21. With the reduced level of funding, safety will be maintained by managing sightlines. Service levels may reduce which will have a negative impact on the street scene and could lead to concerns from residents. Through working with Districts and Boroughs this will be in part mitigated by the local District and Borough being able to determine the optimum way to use and manage the resources available to them. Some agents or Local Committees may choose to fund additional works if it is a local priority.

#### **Financial and Value for Money Implications**

22. The agreements will be funded within existing highway revenue allocations. The revised funding and service specification will result in a £700,000 savings and contribute towards the agreed MTFP savings. This is in addition to the existing £230,000 saving compared to costs in 2015/16.

#### **Section 151 Officer Commentary**

23. The County Council is facing a very serious financial situation, whereby there are still substantial actions to be identified and delivered to achieve a balanced budget in the current year and a sustainable budget plan for future years. The Council's Medium Term Financial Plan (MTFP) includes a saving of £0.7m, from 2018/19 onwards, against environmental maintenance costs. The report sets out how this will be achieved through the introduction of minimum standards for environmental maintenance works, which will be formalised in revised agency agreements with borough and district councils who undertake these services.
24. The proposed agency agreements will include provision for annual inflationary cost increases linked to RPIx (the Retail Price Index excluding mortgage interest payments, a standard measure of inflation). It is also proposed that the revised funding arrangements are maintained for a period of four years, which will affect the council's ability to make further savings in this area.

#### **Legal Implications – Monitoring Officer**

25. The County Council as highway authority has a statutory duty under s41 of the Highways Act 1980 to maintain the publicly maintainable highway and a general power of improvement under s62 of that Act which will cover highway environmental maintenance as described in this report .
26. The highway authority seeks to continue long-standing agency agreements with the District and Borough Councils to carry out these highway functions.
27. The Cabinet has powers pursuant to S19 of the Local Government Act 2000 and The Local Authorities ( Arrangements for the Discharge of Functions) (England) Regulations 2000 to authorise the discharge by the Borough Councils and Districts of such functions of the County Council. Cabinet may therefore authorise the Head of Highways and Transport in consultation with the Cabinet Member for Highways to enter into formal agency agreements with the Borough Councils and Districts to secure the desired highway environmental maintenance.

#### **Equalities and Diversity**

28. The recommendations in this report will have no material impact on existing equality policy and therefore a full equalities assessment was not deemed necessary.

#### **WHAT HAPPENS NEXT:**

- Agency agreements will be agreed between the County Council and the District and Borough Councils, as approved by the Head of Service in consultation with the Cabinet Member for Highways
- Arrangements will be put in place to ensure continuity of service where no agency agreement is in place
- Our webpages will be updated to reflect the new arrangements

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#### **Contact Officer:**

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**Consulted:**

John Furey, Deputy Leader  
Surrey Chief Executives  
Surrey Leaders  
Local Committee Chairmen  
Jason Russell, Deputy Director Environment & Infrastructure  
Lucy Monie, Head of Highways & Transportation  
Karen Cranham, Senior Accountant  
Nancy El-Shatory, Principal Lawyer

**Sources/background papers:**

- Highways Act 1980
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