

Report of: Sharon Cosgrove, Strategic Director

Title: Review of Section 42 arrangements

Ward: All

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Key Decision: No

Lead Members: Cllrs John Tanner and Alex Hollingsworth

Scrutiny responsibility: Finance

RECOMMENDATIONS

That Finance Scrutiny

1. Considers this review of Section 42 and the available options
2. Makes recommendations for the Executive Board to consider

1. Summary

1. The purpose of this report is to consider the review of the City Council's exercise of its right to maintain unclassified highways under Section 42 of the Highways Act 1980. This report is the culmination of much work to review this function since 2001.
2. Officers of the City and County Councils have worked very closely throughout this review. Our joint aim was to maximise our operations for the public good, maximise the use of our core skills and prevent the two authorities operating in the same territory. The City and County Council starting point was a desirability to simplify arrangements, seek overall efficiency savings for the benefit of council taxpayers and extend partnership working between our two tiers of local government to achieve these ends. Much progress has been made on these issues. This review sets out the necessary legal arrangements to enable the two Councils to work in this way, the budgetary considerations of the City Council and the impact of alternative ways of delivering these services on the public.
3. This report explains the detailed work that has taken place under the review with the County Council, analyses the community benefits and the

costs and presents workable options for the maintenance of unclassified roads in the City and the Thames Towpath. Options considered included handing back the function to the County Council in full, retention of the function and a redistribution of functions between the two Councils.

4. This report also considers the costs and benefits of tree and grass verge maintenance on Oxford's classified roads that the City Council provides for the County Council under the Local Government (Goods and Services) Act 1970 and assesses options for future provision.

Councils Vision and Strategic Aims

5. The Local Government Act 2000 gives all local authorities responsibility and specific powers under section 2 to undertake initiatives that are likely to promote the economic, social and environmental well-being. In addition to those responsibilities, this Council has adopted the following objectives that influence the choice of options in this report:
 - Improve the environments where we live and work
 - Making Oxford a safer city
 - Create local prosperity and sustainable employment.
 - Maintaining financial stability.In addition the Council must demonstrate value for money in all its dealings; this is pertinent to this review.

Background

6. Until November 2001, the City had acted as agent for the County Council under a formal agency agreement carrying out certain main highways and road traffic functions, in addition to claiming the right to maintain unclassified highways under Section 42 of the Highways Act 1980. After Oxford City Council surrendered the Highway Agency Agreement, the responsibility for all highway maintenance, returned to Oxfordshire County Council. The City Council continued to claim the right under S42 to maintain unclassified roads within Oxford City's boundaries.
7. In September 2001 the District Auditor determined an objection to the Council's accounts for 1996/97. The objection included an allegation that costs incurred by the City Council for maintenance works undertaken under Section 42 that were not fully reimbursed by the County Council were *ultra vires*. This objection was eventually overcome, although it is clear that this is an area in which local authorities must act with some caution. It is also important to ensure that the Council's involvement in these matters should be open to periodic member approval and confirmation.
8. In 2002 the City Council's Audit team undertook a review of the discretionary civil engineering activities at City Works, including S42, and concluded that they delivered an enhanced service to the city of Oxford at nil cost revenue. That audit report also recommended that the Council review its decision to continue to undertake works under Section 42, in full

knowledge of all costs and the benefits to the community. It was recommended that this review should be undertaken by the end of December 2002. This work was not completed.

9. The current Strategic Director restarted the review on joining the authority. In December 2004, Members requested that the review should also identify whether delivering these responsibilities in a different way could make savings of £340,000. This report is the culmination of that work.

Scope of the Review

10. Officers of the City and County Councils have undertaken a great deal of detailed work for this review. Our joint aim was to streamline our operations for the public good, maximise the use of our core skills and prevent the two authorities operating in the same territory. By working together we considered that we could simplify our arrangements for the public, who naturally are confused about which Council undertakes which function, and introduce efficiencies that would benefit the operations of both Councils and value for money for the council taxpayer.
11. This review starts with an assessment of the legal framework using case law, referring to the County Council's legal department and other authorities that have claimed S42 rights in the past. It then considers how the process currently operates within the City Council including the provision of other related operations. An analysis of costs for the City and taxpayer of retention and handing back the function follows. It concludes by assessing practical options for the future, including the cost benefits, likelihood of achievement and implications of each.

Review of Legal Framework

12. Oxford City Council is one of the relatively few local authorities in England to have exercised its right under S42 Highways Act 1980 to take over the maintenance function of "eligible highways" from the Highways Authority, in this case the County Council. The "eligible" highways within Oxford under S42 are as follows:
 - Footpaths, including the Thames Towpath
 - Bridleways; and
 - Roads that are neither truck roads nor classified roads - in effect all urban side streets but not the main/classified roads.
13. As Oxford City Council has exercised this right, the County Council is under a duty to reimburse our costs for works necessary for highway maintenance. However in practical terms, the County Council are obliged to pay us the costs they would have incurred if they had done the work themselves, rather than our actual costs, as we may well be inclined to provide a maintenance service that is more comprehensive than the statutory minimum.

14. While a District Council can exercise its S42 rights at any time, now that Oxford City has done so if we choose to hand these responsibilities back to the County Council, then we will have no right to “re-claim” the S42 responsibilities for a period of 10 years, unless the County Council agrees otherwise.
15. In order to identify future options, it is necessary to first understand whether Oxford City Council, in exercising its rights under S42, must assume the responsibility for maintenance of all the “eligible highways”, or whether it can pick and choose at will. Unfortunately there is little case law on this issue but the legislation states: “The Council...may undertake the maintenance of any eligible highway in the district which is a highway maintainable at the public expense”. This appears to suggest that we have the discretion to “choose” which roads we wish to maintain but also suggests that the maintenance functions of any particular eligible highway are unlikely to be divisible, which means that we are unlikely to be able to separate of the responsibility for tarmac maintenance from that for the grass verges. The County Council agrees with this interpretation. What is clear, however, is that road maintenance is more than skin deep. The responsible authority must maintain the road down to its foundations, not just at surface level.
16. The same is not true of the situation where the City Council maintains roadside verges and trees along the City’s classified roads (Abingdon, Iffley, London Roads etc) under a contract awarded by virtue of s1 Local Authorities (Goods and Services) Act 1970. This well-known power allows any local authority to supply goods or services to any other “public body”. There is no express prohibition on making a profit from the contract, although whether it would be proper for a local authority to contribute substantial additional resources just to enable it to discharge these contractual obligations may be open to some doubt, unless it is able to rely on a suitable additional power. Such an additional power might be available, for example, through the “well-being” provisions of s2 Local Government Act 2000.
17. In addition to exploring the legal context for S42, the review team also spent a considerable time reviewing alternative arrangements that would allow the two Councils to rationalise their operations. The arrangements explored were:
- Contract issued under s1 Local Authorities (Goods and Services) Act 1970
 - Agency arrangement under s101 Local Government Act 1972
 - Establishment of a joint committee of the two councils under s101 Local Government Act 1972

These arrangements will be considered in the options analysis.

Review of Current Arrangements

18. The City Council's in-house service providers carry out the operation of Section 42. This work is split into two; highways engineering (carriageway and pavement maintenance) which is undertaken by City Works, and grass cutting and tree maintenance, which is carried out by Leisure & Parks.
19. Annually the City Council submits a costed proposal of works for engineering projects and routine maintenance requirements (highways, arboriculture and grass) to the County Council. This proposal should be seen as a "wish list" and is a combination of the requirements identified by the City Council's internal inspection system and Councillors' desires. The schedule is costed in line with City Works' and Parks' schedules of rates and the total value of the schedule submitted is considerably higher than the available funds allocated by the County Council. For example in 2003/4 the City Council submitted a proposal in excess of £8 million and received funding of around £1.4 million.
20. The County then provide their costing mechanisms with their list of schemes that they have assessed as a priority using their engineering assessment tool 'HAMP'. Routine maintenance works such as grass cutting, tree inspections and an element of pothole type repairs are priced by the County Council as a lump sum using an historic schedule of rates that is annually increased in line with inflation. This schedule is applied to the County Council's service standards rather than the City Council's actual service standards.

(a) Review of Current Arrangements - Highways Engineering

21. It is quite common for City Works Engineering Dept to deliver the schemes prescribed by the County Council's schedule at a lower cost than that anticipated by the County Council. The current arrangement allows the City Council to claim the remaining funds to undertake a number of additional schemes that the City Council considers a priority in its annual schedule, thereby delivering a greater number of repairs for the same investment. As an example, the list of additional works carried out in 2003/4 is set out in Appendix A . This enhanced service would probably not be delivered if the work returned to the County's commercial contractors.
22. A mixture of City Works Engineering staff, appropriate sub-contractors and appropriate specialists undertake the engineering schemes whilst City Works Engineering staff carry out the routine maintenance, kerb repairs, potholes, small patches etc. They also carry out engineering work for other City Council Business Units, eg car parks, and a small amount of work for external customers, eg cesspit emptying.

(b) Review of Current Arrangements – Grass Verges and Trees

23. Leisure & Parks undertake the cutting of grass verges and maintenance and inspections of highway trees. The County Council's current standard for grass verges is five cuts per year whereas, depending on the nature of growing conditions in any particular year, the City Council undertakes between 11 and 16 cuts per year. If the City delivered the frequency of cuts prescribed and paid for by the County Council, the City's streets would be lined with far longer grass. The frequency of cuts was increased from the County standard a number of years ago in response to public pressure on the appearance of the City. The advantages of a greater number of grass cuts are clear in terms of the image of the City.
24. Tree management under Section 42, includes annual inspections of highway trees and a programme of annual maintenance; trees have problematic stem growth removed, herbicide applied to tree-pits and low branches pruned to clear footways. Problems noted usually result in a more detailed inspection, which may be followed by remedial action including tree removal, pruning, stump removal and, where appropriate, replacement tree planting.
25. The County Council's standard of service is for one inspection every two years, however the City Council provides these inspections on an annual basis. This frequency is subject to change to meet Health and Safety guidelines. This additional work, not funded by the S42 provision, adds value to the maintenance of the environment of Oxford.
26. The Parks teams who deliver this work also manage the Council's Parks and housing areas as well as undertaking grass cutting and tree maintenance work on classified roads under a separate Goods & Services Act agreement with Oxfordshire County Council. In that contract the County Council again specifies and funds a service standard of 5 cuts per year for grass verges and a two-year inspection regime for trees. The City Council is aware that the appearance of the verges of its major roads is important to the appearance of the city and delivers the same enhanced level of service on this contract as under S42 .

(c) Review of Current Arrangements – Thames Towpath

27. The Thames Towpath for the purposes of S42 is an eligible highway. City Works, as part of the programme agreed with the County Council, undertake limited engineering works; filling in potholes and making good the foundation and surface structure on an annual basis. The Built Environment business unit undertakes some works to ensure the integrity of the riverbank. These works are not funded by the S42 allocation but either provided by the City Council, S106 funds or contributions from partner organisations.
28. There has been much debate recently over whose responsibility it is to maintain the eroding riverbank and adjacent Towpath. Where the bank is

some distance from the Towpath, its maintenance is clearly the responsibility of the riparian landowner, and in some cases this will be the City Council. It becomes far less clear where the riverbank erosion undercuts the Towpath; it has been argued that in this case that the responsibility of maintaining the foundations of Towpath should fall to the City Council under S42 but this point is legislatively uncertain.

29. What is clear is that there is a substantial backlog of work necessary to maintain the integrity of the riverbank and a recent estimate places this at around £3 million over the next 10 years. There is some uncertainty about how far our current liability extends to maintain the Thames Towpath and riverbank and this uncertainty has the potential to present this Council with unacceptable future liability that would not be matched by the funding to undertake these works.

Review of Current Costs

30. It has taken a number of months to clarify the situation on the current costs of the City Council undertaking the S42 maintenance whilst dealing with anomalies resulting from historic CCT accounting practices and the complexities of operating old schedule of rates job costing systems. The estimated direct costs of operating S42 for 2005/6 and the income are set out in Table 1 below.

	Parks	City Works	Total
	S42 Grass & trees	S42 Highways	S42
Direct Expenditure	305,914	783,000	1,088,914
Insurance		179,055	179,055
Income	-114,000	-1,048,300	-1,162,300
Net Cost	191,914	-86,245	105,669

Table 1: Financial summary of operation of S42 (2005/6)

31. The highways element of the works undertaken for S42 undertaken by the Engineering section of City Works are estimated to cost £783k; these direct costs are separately accounted for within the City Works budget. In addition a share of the Council's insurance costs (£179k) are allocated to the S42 account to cover the legal liability for claims made by third parties. These costs provide insurance cover and meet excess payments resulting from claims. The County Council reimburses £1,048k towards the S42 highway work, resulting in a contribution of £89k towards City Works' overhead costs.
32. The estimated direct cost of the S42 work undertaken by Parks is £306k, based on an assessment by service managers of the proportion of time

spent on grass cutting and tree maintenance for S42 compared to that spent on our own land. The County Council reimburses £114k for these works under S42 but the City Council provides an enhanced service standard; this leaves a net cost to the City Council of £192k for the provision of the service. These figures make no contribution to Parks' overhead costs.

33. In addition to the S42 works, the Parks section maintains verges and trees on classified roads under a contract within the Local Authorities (Goods and Services) Act 1970 and the City Works' Engineering section carries out a small amount of work for third parties. The estimated direct costs of all these activities and the income earned is shown in Table 2 below.

34. The Parks section shows a deficit on the operation of its S42 and Goods & Services Act functions, because it provides double the amount of activity specified and paid for by the County Council. The cost structure of S42 and the G&S contract is exacerbated by the historical tender price being very low and difficulties with efficiencies in the past. The tender price for grass and trees was re-negotiated with the County last year and a better price has now been agreed for the S42 and Goods and Services Act work, although the rate is still applied to the County's service standards.

	Parks			City Works	Total
	S42	Goods & Services	Total	S42	S42 and G&S
Direct Expenditure	305,914	186,482	492,396	783,000	1,275,396
Insurance				179,055	179,055
Income	-114,000	-72,994	-186,994	-1,048,300	-1,235,294
Net Cost	191,914	113,488	305,402	-86,245	219,157

Table 2: Financial summary of maintaining Oxford's roads (2005/6)

Review of Costs of Handing Back S42

35. For each area of activity an assessment has been made of the costs that would not be incurred and the income that would be lost if S42 was handed back to the County Council. In addition, the withdrawal from S42 would necessitate ceasing the Goods & Services contract and the external engineering works and a similar assessment has been made of stopping those activities. Table 3 sets out these costs and savings.

36. The Parks managers have estimated the reduction in labour, materials, plant and machinery that would be achievable and this has been costed at £191k for the S42 works and £101k for the Goods and Services Act contract.

37. The amounts that would be saved are not the same as the full estimated cost of providing these services because withdrawal would only enable savings to be made in marginal costs through reducing the number of staff and mowers. This can be illustrated by considering an area of open space next to a road where the strip of grass closest to the road is maintained by the City Council under S42 and the rest is maintained under the Council's own parks' responsibilities. In practice the whole area would be cut in one operation. When estimating the costs of cutting the grass under the two different regimes, the costs would be apportioned according to the area of grass cut. However on handing back the S42 responsibilities, the cost saving of no longer cutting the strip closest to the road would be negligible because the rest of the area would still need to be maintained.
38. The same rationale has been applied to the Engineering works where savings of £748k are estimated for S42 and £16k for external works. Insurance is another area where the costs of provision and savings on handing the function back are not equal. The share of the City Council's insurance premium to provide cover for S42 is £136,000, on handing the S42 function back this premium would be reduced by £50k. Members should not think that we would also remain liable for insurance claims for a period of 5 years after handing back the S42 function and would require an annual provision of £48,000 to cover specific claims for 5 years.
39. The estimated costs and savings for each area of activity are summarised in Table 3 below.
40. Additional factors would also need to be taken into consideration when weighing the decision to hand back S42.
41. Firstly, under the present arrangements the City Council is able to determine the standard of services provided by the Parks section and this is applied across all areas. If S42 were handed back to the County Council and they applied their standard of 5 cuts per year, instead of the City Council's standard of between 11 and 16 cuts per year, this would impact detrimentally on the City environment and create potential difficulties for other services, such as litter picking on the County maintained areas.
42. Secondly, the number of highway repair schemes provided by the City Council is greater than would be provided by the County Council's contractors and we can influence which additional schemes come forward.
43. Thirdly, within the City Works Business Unit, the Engineering section accounts for less than 10% of the total activity carried out. Whilst terminating the S42 agreement would therefore appear to have a relatively small impact on the business unit, the contribution to overheads of £129k from S42 and external work would be lost, and unless some fixed costs could be reduced the overhead charged to the remaining service areas would increase.

CURRENT COSTS	Parks			City Works Engineering Services			Total
	S42	Goods & Services	Total	S42	External Work	Total	
Expenditure	305,914	186,482	492,396	783,000	48,200	831,200	1,323,596
Insurance Income	-114,000	-72,994	-186,994	179,055	5,448	184,503	184,503
Current Net Cost (A)	£191,914	£113,488	£305,402	-£86,245	-£43,152	-£129,397	£176,005
COSTS SAVED & INCOME LOST							
Saving of Expenditure	-190,995	-101,380	-292,375	-748,276	-16,086	-764,362	-1,056,737
Saving on Insurance	0	0	0	-50,000	0	-50,000	-50,000
Loss of Income	114,000	72,994	186,994	1,025,898	62,696	1,088,594	1,275,588
Direct Saving/Cost (B)	-£76,995	-£28,386	-£105,381	£277,622	£46,610	£274,232	£168,851
Revised Net Cost (A + B)	£114,919	£85,102	£200,021	£141,377	£3,458	£144,835	£344,856

Table 3: Financial summary of handing back S42 and ceasing related activities (based on 2005/6 figures)

44. The contribution towards the cost of City Work's premises, depot management and central support costs is unlikely to be reduced until City Works relocates to a smaller depot. Relocation is likely once the future of waste collection and recycling in the County is resolved. Although this work is anticipated to accelerate in line with the recent review by the District Audit, the Oxfordshire Waste Partnership has yet to agree on a strategic view of future service provision.
45. It would be necessary to carry out a much wider review of the City Works operations to determine whether it is possible to reduce the fixed costs and the implications for service delivery that this would entail
46. In summary, Table 3 illustrates that handing back S42 to the County Council would increase the current direct cost of providing the service from £176k to £345k.

Options for the future delivery of S42 activity

47. The legal framework that governs S42 constrains the possible alternative options unless the City and County Councils are minded to exchange the S42 functions for some alternative arrangements. As the legislation does not permit the City to retain some aspects of highway maintenance whilst returning others, Members need to consider three options; full retention, retention of all maintenance of some highways but handing back others or handing back the S42 function in full.
48. In addition to these options, officers have been discussing other mechanisms for reallocation of duties with officers with the County Council over the past year. Officers from both authorities have considered various ways in which the two councils can consolidate their expertise and operations that would also clarify the situation for the public and introduce efficiencies. The proposal that held most merit for the two Directors of the City and County Councils was to consolidate the County's expertise in highways and pavement maintenance and the City Council's proficiency in maintaining green spaces. Under such an arrangement, it was envisaged that the County Council would recover all highway and pavement maintenance whilst the City Council would retain maintenance of trees and green spaces in the city. The two Directors also explored the options for the City Council to take over the maintenance of green spaces outside the City Council's administrative authority up to and including the Ring Road. The reasoning behind this was that it would allow the City Council to maximise on efficiencies by maintaining the city's green spaces out to the Ring Road, the public perception of Oxford City's boundary.
49. Exploring these options has been complicated by the need to secure both the legal powers to be able to undertake such works and the County Council's legal ability to be able to allocate these works to us without going through formal EU procurement rules. If such a mechanism could be identified, it would be anticipated that the City Council might hand back the

S42 function at the same time that the County allocated existing and additional green space work to us.

50. Both parties seriously engaged over the course of this year in exploring options in order to offer some alternative solution to Members. The mechanisms explored for allocating this work to the City Council included a contract issued under s1 Local Authorities (Goods and Services) Act 1970, the establishment of an agency arrangement under s101 Local Government Act 1972 and the establishment of a joint committee of the two councils under s101 Local Government Act 1972
51. The first option of a contract posed the risk that the City Council would hand back the S42 function in the hope of entering into a maintenance contract that the County could not guarantee awarding. This is because any contract would have to comply with the County's procurement regulations, including the need to comply with the European procurement regulations, and may mean that the work would be awarded to another party.
52. The second option would use the powers granted in Section 101 of the Local Government Act 1972 that allows a local authority to arrange for the discharge of any of its functions by any other local authority. This means that it may well be perfectly proper for the County Council to appoint the City Council as its agent to deliver particular functions and ignore its normal contract award/procurement regulations, including the EU procurement regime, as there is no procurement as such. This differs from a customer contracting with a supplier to provide a service; it is the County Council arranging for another party to act on its behalf. Furthermore, it is not just "any" third party that is to be so appointed, for under s101 such agent can only be another local authority.
53. This agency arrangement implies the transfer of a significant degree of discretion as to how the duties would be performed, which differs from a contract situation that simply requires the contractor to fulfil its specified contractual obligations. There is a strong argument, therefore, to suggest that if the City Council were prepared to reassume the role of the County's agent for maintenance of green spaces, and the County were willing to appoint us, then such an arrangement would fall outside any of the County's normal tendering/procurement regulatory regime. This, coupled with a hand back of S42 functions, is a mechanism that might satisfy both parties and was seriously investigated as a possible option for the redistribution of the functions between the two authorities.
54. A third option of establishing a joint committee of the two authorities under Section 101 of the Local Government Act 1972 was examined. This would require both Councils to allocate funds to the joint committee that would then commission different sections of the two Councils to perform the work. Officers from both Councils considered that this option would conflict with the City Council's Area Committees.

55. Officers in this authority have since unravelled the complexity of the City Council's S42 financial accounts, which has revealed that the City Council at present makes a surplus from the work it undertakes on carriageway and pavement maintenance and makes a loss on the work it undertakes on trees and green spaces. This is a further issue in considering future arrangements between the City and County Councils.

Summary of review

56. The City Council is one of the few Local Authorities to claim the right to maintain eligible highways from the County Council under S42 of the Highways Act 1980.

57. Whilst the City Council currently undertakes all highway tree and verge maintenance in the city, both Councils commission carriageway and pavement works, creating confusion for the public and potential inefficiencies.

58. The running of the S42 function by the City Council costs this authority £176k under current arrangements but this contributes to improving the appearance of the city.

59. Handing back the S42 and related functions would increase costs to this Council by £169k. This means that relinquishing the S42 function would not make a £340k contribution towards the Big Savings for 2006/7.

60. A reduction in City Works fixed costs would be necessary to make a saving on handing back S42. This is unlikely until City Works relocates to a smaller depot although a wider review of City Works' operations may identify possible reductions.

61. It is open to some doubt whether or not it is proper for the City Council to contribute substantial additional resources to the Goods and Services Act contract to enhance maintenance standards on the city's classified roads, unless it is able to rely on a suitable additional power. Such an additional power might be available, for example, through the "well-being" provisions of s2 Local Government Act 2000.

62. Savings could be accrued by arranging the Parks work differently:

- Hand back the Goods & Services Act contract for verge and tree maintenance of classified roads saving 28k saving per annum
- Revert to lower standards for verge and tree maintenance on all highways to save around £40k per annum
- Hand back the Goods & Services Act contract and reduce the maintenance standard for S42 highways saving around £60k annually.

All would have different degrees of impact on the appearance of the city.

63. The Thames Towpath is a crucial asset for the city but presents a potential future liability that this authority cannot meet. Handing responsibility back to the County would incur no additional costs to the City Council and would release this authority from the potential future liability. However handing back the Towpath would not increase resources available to resolve current or future problems and may create more confusion over the two Council's roles.
64. The proposals worked up with the County Council for realigning responsibilities to match core competencies would meet many of the City's objectives for rationalising functions and improving the appearance of the wider city.

Options Appraisal

65. The appraisal of the following four options is set out in the attached tables:

- Retention of its S42 function
- Retention of its S42 function bar the Thames Towpath and divesting the Goods & Services contract for the verge maintenance of classified roads,
- Handing back of the S42 function in full
- Contemporaneous handing back of the S42 function and establishing an agency arrangement for the City Council to maintain green spaces within the broader confines of the city.

Recommendation

66. Finance Scrutiny are invited to consider the findings of this review and comment on future options.

<p>THIS REPORT HAS BEEN SEEN AND APPROVED BY: Portfolio Holders: Environment and Finance – Councillor Alex Hollingsworth Strategic Director, Finance: Mark Luntley Legal and Democratic Services: Jeremy Thomas and Lindsay Cane Financial Management: Mike Baish and Andy Collett City Works: Philip Dunsdon Parks: John Wade</p>

OPTION 1 – RETAIN ALL S42 FUNCTIONS AND G&S CONTRACT WITHIN THE CITY COUNCIL

City Council maintains carriageways, pavements, grass and trees for unclassified roads and grass and trees for classified roads
 County Council maintains carriageways and pavements for classified roads

Financial implications			Advantages
2006/7	Estimated costs Net saving	£176k £0k	<ul style="list-style-type: none"> - “Added value” – improved service to the city of additional highways works and enhanced service on grass verges and tree maintenance - Flexibility in service provision - City Council retains some control over highway works - Joined up working between litter picking and grass cutting - Potential to improve efficiencies on highways work by reducing costs by increased use of contractors - Contribution to City Works overheads and subsidy - Continue responsibility for £3m liability to the Thames Towpath Stable workforce
Other implications			Disadvantages
<ul style="list-style-type: none"> - Need to invoke well being powers to allow additional contributions to G&S contract - Need to explore partnership funding options for future maintenance of Thames Towpath 			<ul style="list-style-type: none"> - Arrangement of functions unclear to general public - Both Councils operating in similar territory and potential for inefficiencies - City Council continues to lose money on Goods and Services contract - Costs the City Council £176k to provide service - Many points of contact for public

OPTION 2 – RETAIN S42 FUNCTION AND HAND BACK TOWPATH AND G&S CONTRACT TO COUNTY COUNCIL

City Council maintains carriageways, pavements, grass and trees for unclassified roads
 County Council maintains carriageways, pavements, grass and trees for classified roads and Towpath

<p>Financial implications</p> <p>2006/7 Estimated costs £148k Net saving £ 28k</p> <p>Plus saving on liability for Thames Towpath</p>	<p>Advantages</p> <ul style="list-style-type: none"> - Removes loss of £28k on Parks budget - “Added value” – improved service to the city of additional highways works and enhanced service on grass verges and tree maintenance - Flexibility in service provision - City Council retains some control - Joined up working between litter picking and grass cutting - Potential to improve efficiencies on highways work by reducing costs by increased use of contractors - Contribution to City Works overheads and subsidy - Lose responsibility for potential £3m liability to the Thames Towpath - Stable workforce
<p>Other implications</p> <ul style="list-style-type: none"> - Transfer of some Parks staff under TUPE 	<p>Disadvantages</p> <ul style="list-style-type: none"> - Arrangement of functions between two authorities more unclear to general public - Many points of contact for public inquiries - No synergy between litter picking and grass cutting on classified roads - Appearance of grass verges on classified roads and roundabouts would worsen - Public perception that worsening appearance of city was this Council’s fault

OPTION 3 – HAND BACK ENTIRE S42 FUNCTION TO THE COUNTY COUNCIL

County Council maintains carriageways, pavements, grass and trees for unclassified and classified roads carriageways plus Thames Towpath

Financial implications

2006/7	Estimated costs	£345k
	Net saving	-£169k

Plus saving on liability for Thames Towpath.
Plus cost of meeting excess on insurance claims of £50k pa for 5 years

Advantages

- Arrangement of functions clear to general public
- Single point of contact for public inquiries
- Lose responsibility for potential £3m liability to the Thames Towpath
- Reduced insurance claims over time
- Potential to downsize City Works Depot in long term
- Potential reduction in customer complaints

Other implications

- Transfer Parks and Highways Engineering staff to County under TUPE
- Potential costs of early retirements for some TUPE'd staff
- May need to re-structure

Disadvantages

- Increased costs of £356 pa until opportunity to relocate City Works Depot
- Likely reduced number of highway schemes delivered
- Reduced cuts likely on grass verges and roundabouts and reduced tree maintenance service
- City Council perceived loss of control
- Synergy between litter picking and grass cutting more difficult to extract
- Public complaints may continue to come to City Council

OPTION 4 – CONTEMPORANEOUS HAND BACK OF ENTIRE S42 FUNCTION AND ESTABLISH AGENCY ARRANGEMENT TO MAINTAIN GREEN SPACES WITHIN BROADER CITY (LONGER TERM)

City Council maintains grass and trees for all roads up to the Ring Road (including areas outside our administrative boundary)
County Council maintains all carriageways and pavements within the city, plus Thames Towpath

<p>Financial implications</p> <ul style="list-style-type: none"> - Only way to leverage savings is to combine with downsize of City Works Depot <p><u>Under current arrangements</u></p> <table border="0"> <tr> <td>2006/7</td> <td>Estimated costs</td> <td>£545k</td> </tr> <tr> <td></td> <td>Net saving</td> <td>-£369k</td> </tr> </table> <p>Plus saving on liability for Thames Towpath</p>	2006/7	Estimated costs	£545k		Net saving	-£369k	<p>Advantages</p> <ul style="list-style-type: none"> - Consistent maintenance standards around the wider city and uplift in appearance - Arrangement of functions clear to general public - Single point of contact for carriageway and pavements repairs - Lose responsibility for potential £3m liability to the Thames Towpath - Reduced insurance claims over time - Potential reduction in customer complaints - Play to core competencies of two authorities - Joined up working between litter picking and grass cutting - Potential to improve efficiencies, reduce costs by increased use of contractors - Contribution to City Works overheads and subsidy
2006/7	Estimated costs	£545k					
	Net saving	-£369k					
<p>Other implications</p> <ul style="list-style-type: none"> - Highways Engineering staff to County under TUPE - Potential costs of early retirements for some TUPE'd staff - May need to re-structure 	<p>Disadvantages</p> <ul style="list-style-type: none"> - Unable to leverage savings until opportunity to relocate City Works Depot - City Council perceived loss of control over highway works - Reduction in number of highway schemes - Public complaints on carriageway and pavements may continue to come to City Council - Uncertain option 						

