

## **LANCASHIRE HIGHWAY PARTNERSHIP**

### **COMMENTS ON THE REPORT TO LCC CABINET 1 SEPTEMBER 2005**

The Lancashire District Engineers have a number of major issues to raise with respect to the report presented to the County Council's Cabinet of 1<sup>st</sup> September 2005. The report in many areas is incorrect, it is also extremely biased, omitting highly relevant information and containing no factual substantiation for the termination of the agreement in terms of service delivery, performance or efficiency.

Firstly, some background information. An agreement has been in place between LCC and the District Councils to undertake certain works on the highway since Local Government Reorganisation in 1974, over 30 years of working together. A major restructure of these arrangements was introduced in July 2003 under the banner of the "Lancashire Highway Partnership". The LHP is therefore not just a 3 year agreement but part of an ongoing partnership of over 30 years.

It also needs to be made clear that after 29 years of District Councils being reimbursed at less than cost, it has taken only 2 years of more reasonable reimbursement by the LCC for LCC to propose the termination of the partnership. We would like to quote from Section 4.15 of the LCC report on "Evaluating the Locality Focus Programme" which states that **"The County Council's efforts are seen by some to focus very heavily on its own needs in terms of partnership, rather than the needs of the partners themselves"**. This approach is very evident in the County Council's evaluation of the LHP to date and the way it has been presented to County Councillors.

As partners, it concerns us that the report did not even mention the possible implications for District Councils. Detailed consideration of the impact of the proposal on the District Councils is a matter for the individual Councils, however there are certain effects that would impact heavily on all our customers/residents as follows:

- reduced ability to deal with cross service streetscene issues
- reduced ability to support local initiatives including area councils/committees/forums
- loss of local focus to service delivery
- loss of local employment opportunities
- consequential increased costs to other services
- reduced skills base for support of council schemes
- reduction in engineering employment prospects
- difficulties in recruitment
- in our view a poorer, less responsive service

It is also concerns us that the report did not make it clear that LCC does **not** have a right unilaterally to carry out highway maintenance with or without the District Councils. Section 42 of the Highways Act 1980 clearly gives the right to District

Councils to maintain certain highways and recover our costs from the highway authority, although each of us has previously agreed to waive these rights as the partnership was a better vehicle for delivery of highway maintenance. The current LHP agreement is drafted on this basis, yet County Councillors were not advised of the implications of this factor in the relationship.

Referring now to the report section by section:

## **1. Background**

Reference is made to the Best Value review of "The maintenance of Highways, Street Lighting, Bridges, Structures and Reservoirs" and the report identifies that the main thrust of the recommendations by the inspectors was the lack of consistent standards and lack of financial control across the Country. It also needs to be made clear that other inspector's recommendations in the report were:

- That a local service is delivered within a strategic county framework" and
- That the County Council should "Improve the monitoring of relative District (Agency) performance, and to take action to rectify poor performance.

Furthermore, the District Councils' own best value reviews identified the benefit to local priorities of working with the highway authority powers in partnership, recommending that this be pursued as far as possible with the County Council.

In his presentation to the County Council's Cabinet, the Highways Portfolio Holder stated on 1<sup>st</sup> September quite clearly that '**what matters is performance**' yet no performance information was presented to members of the Cabinet. Little information on comparative performance is available to Districts but some information can be extracted from the annual report on the LHP, presented to District Officers in April 2005. This gave information on amongst other matters the quality of the response to defects identified by highway inspections, which is a key indicator in reducing the number of highway insurance claims.

Our joint discussions on this matter in recent months have identified clearly that there have remained problems with the information received by the various partnership offices from the safety inspections, therefore the value of PIs in this area of activity must be challenged. However, each partner has been able to demonstrate improvements in response as these problems have been identified.

A thorough report would have presented a range of performance indicators, established in accordance with the recommendation of the Best Value Inspectors, on which relative performance could be measured to ensure an informed decision is made in the best interests of the public. No such performance measures have been put in place, neither has there been any acceptance by the County Council of the need for an LHP business plan to identify a shared vision of what the partnership should be trying to achieve in terms of performance, therefore **it is not justifiable to identify 'poor performance in the Districts' as a valid reason for terminating the LHP agreement.**

## **2. Strengths and weaknesses**

At the Cabinet meeting, the Portfolio Holder continually referred to the strengths and weaknesses of the partnership contained within the report. What needs to be pointed out is that these were the strengths and weaknesses of the relationship **prior** to the LHP. A more considered and balanced report should have included **current** strengths and weaknesses and achievements to date. No such review has been carried out in partnership with the District Councils, although a number of us have pursued our own reviews of the LHP and have identified many modest improvements, which could be achieved with mutual support. Each of these reviews has been carried out with input from the County Council, in stark contrast to the manner in which this report has been written.

## **3. Democratic Process**

The Area Boards were established to perform a number of duties with respect to the LHP. The fact is that these Boards have not been serviced to a sufficient degree, which has contributed to them not performing their original functions.

For example, highways policy development has continued in some sections of the County Council's Environment Directorate without reference to the Area Boards. In these circumstances it was disingenuous of the Portfolio Holder at the Cabinet meeting to indicate that all the members of these Area Boards do is decide how to share out and spend £50,000.

Although the establishment of Area Boards was a laudable attempt to engage District Councils in the development of policy and management of highways, it would seem that with the establishment of Lancashire Locals that the work of the Area Boards should be incorporated within Lancashire Locals.

What will be lost unfortunately is the interaction between districts at an area level and also the opportunity to focus on highway services. Our experience is that all Members have strong views about such matters and the opportunity to properly air and consider these will be lost if relegated to the broader agenda offered by Lancashire Local.

## **4. Client Issues**

### **a) Streetscene**

Much appears to be made in the Cabinet report of the fact that District Councils have not added the streetscene activities for which they are responsible into the LHP. This was always an option and not a requirement of entering into the LHP. When challenged on this point, we have identified that County Council officers have a completely different and much narrower understanding of what constitutes 'streetscene' services than that within the District Councils, and it is possible that this misunderstanding is at the heart of LCC's concerns about lack of progress and partnership on associated subjects.

To us, 'streetscene' services are 'public realm' issues, and they include gully cleaning and road sweeping as is understood by County officers, but they extend as widely as community safety/Section 17 responsibilities, environmental improvements, economic and neighbourhood regeneration, land use/transportation planning, land drainage and flood/coastal defence, leisure and countryside access, parks and grounds maintenance, cleansing and out of hours services.

The fact is that entering into the LHP enabled **all these streetscene activities to be coordinated with use of highway powers and delivered at a local level** and, depending on the individual organisation of each District Council, possibly even from within one Directorate.

Considerable thought has been put into how these integrated services are delivered by District officers over recent years but no obvious improvement has been identified over and above the present arrangements. Hence the apparent lack of willingness to change referred to in the report. Neither have County officers put forward any ideas along these lines.

It is very relevant to us that **the LHP has never yet included all the highway services which impact on our local/urban areas, such as traffic and safety, parking management, major schemes on classified roads, accommodating ex-trunk roads into the urban core and management of Section 278 schemes (major highway works funded by developers)**. These issues ought to have been drawn to the notice of the County Council's Cabinet in order to present a balanced view of the LHP in its current condition.

Termination of the LHP by the County Council will inevitably destroy at a stroke the ability of District Councils to deliver integrated streetscene services, which will have a significant impact on delivery of 'liveability' which Councils should be seeking to achieve together.

b) Client/Contractor functions, Audit Report

This particular part of the Cabinet report is of considerable concern to the two full partners referred to, Hyndburn and South Ribble Borough Councils.

Two years ago Hyndburn Borough Council Internal Audit audited the LHP operations. This internal report was "in the spirit of partnership" sent to LCC Officers for information. At approximately the same time LCC Internal Audit also audited the LHP in Hyndburn. After two years with no comment from LCC it now appears that concerns were expressed by LCC Audit with regard to the arrangements in HBC. In a mature partnership concerns such as these should be discussed in an open and businesslike manner.

South Ribble Borough Council has accepted the County Council's concerns over the internal relationships. Again, internal measures are in place to

defend against improper practice but there has not been the benefit of a similar audit by LCC to identify whether the concerns are grounded. It is highly inappropriate to offer criticisms of a system that has not been externally reviewed. Other financial practices of South Ribble Borough Council have been held up as a model for other Districts to follow, and the criticism contained in the Cabinet report of potential for improper practice is rejected completely by the officers involved.

It needs to be brought to the attention of the County Council's Cabinet that all councils with a Direct Services organisation have an officer who is "twin hatted". What varies is the level at which that "twin hattedness" occurs – be it at Chief Executive, Director, manager or operational level. The comments in the report to Cabinet are a slight on the professionalism of the individual officers concerned.

In addition, assumptions have been made in the report by County officers that client/contractor integration in some districts indicates a "limited scope of staff and resources". This is also wide of the mark. What it does show is **the efficient utilisation of staff and resources**, which is an option often found in the post-CCT era. This kind of arrangement is not unknown at County level and the omission of correct information on such issues in a report to a Cabinet should be a matter of the gravest concern.

c. Total Staff levels

There is no information contained in the report to support the assertions that direct control would be more efficient. Until this information is provided then an informed decision cannot be made by the County Council and the level of estimation of the associated implications should have been properly identified to the Cabinet.

d. Financial management

The difficulties of financial management for the LCC Client are in part self-imposed. The LHP works ordering system was not available for use before the start of the partnership in July 2003, and indeed was not fully operational for some months afterwards, leading to confusion and the desperate need for alternative records to be kept and works ordering systems to be maintained. The new works ordering system originally proposed for April 2005 has only just come on line (5 months late) and is still to be fully operational (for electronic payments etc.).

Each year we manage constantly changing budgets, even until relatively late in the financial year, trying to gauge each year whether we are aiming for a modest overspend or underspend in contribution to wider Directorate management matters subject to strategic matters we cannot know or influence.

In addition training and guidance with respect to the new contract with Lancashire County Council Engineering Services has been non-existent despite repeated requests from district officers. At a meeting in June 2005 it was announced by LCC officers that a "Contract Team" has now been established, two years after the start of the Contract, yet we have never had even a visit from LCC staff to investigate the problems we have had in managing our element of the annual £40m contract.

We find that LCC staff in different offices have only limited or no access to the joint financial monitoring system and ask us monthly for our statements, each in a different format. It is remarkable that we can provide the required information at all under these circumstances. It is therefore quite shocking to find the facts of the situation presented as criticism in the report to Cabinet under these circumstances.

With the new works ordering system in place **there is no reasoned argument in the report to demonstrate why financial management would improve** any more under direct control rather than under an extension of the LHP.

e. Reimbursement under LHP

The level of fee to District Councils is variable based on the level of works budget allocated. It is clear to us that the need to reduce variable (including capital) budgets would leave LCC with the fixed direct cost of staff after implementing the proposals. **This risk to LCC finances has not been identified in the report.**

Furthermore, it is a matter for the District Councils to decide whether or not they can live with reduced fee income.

f. Dealing with Public Enquiries

LCC officers see the Highways Partnership Contact Centre as being able to deal with all enquiries. The establishment of the Contract Centre has undoubtedly led to the improved management of highways customer contacts overall and is achievement of the current LHP. That being said, for some Districts it has been a retrograde step to abandon their own integrated streetscene systems and management reports without any consideration by LCC of the impact of segregating such matters.

It is interesting to note that later in the report it is recognised that LCC may wish to continue to reimburse Districts for "their help in resolving complaints and enquiries and for providing information". Therefore our contribution appears to be valued under the current arrangements, although our ability to contribute would be fatally affected by our lack of opportunity to respond positively and with correct information following the end of the LHP.

g. Grounds Maintenance issues

The Cabinet report touches on the integrated nature of streetscene delivered by Districts and the need to work with Districts. The mention of "removal of wet leaves" and "highway grass cutting" however only identifies a very limited aspect of the impact.

Other benefits in the District Councils retaining the LHP include:

- The ability to deal with all cross service / cross authority streetscene issues by responding to enquiries and operating in a coherent manner in support of other public realm services (joined up service delivery)
- Local knowledge/ local delivery / improved response times
- Integrated out of hours service
- Availability of a larger pool of staff for delivery of the winter maintenance services and other emergency responses
- shared use of local council depots and vehicles

### **Summary**

The District Engineers are particularly concerned at the way in which this issue, after over 30 years of working together, has been reported to LCC Cabinet with little or no evidence provided to support the contention that services can be provided better and more efficiently under direct control.

We are of the opinion that the opposite situation is indeed the case and that locally delivered service backed by strategic direction from LCC still offers the best way forward, as proposed by the Best Value Inspectors

Area Management by LCC for certain services currently undertaken by them may be of benefit but with each Area covering a number of District Councils with a significant population, the case for more local service delivery integrated with other streetscene services would seem to be overwhelming.

Prepared by District Engineers, September 2005