

TO: RESOURCES SCRUTINY COMMITTEE - 13th August 2003

SUBJECT: HIGHWAYS AGENCY SUPPORT SERVICE COSTS

FROM: POLICY SERVICES

1. PURPOSE OF REPORT

To examine the support service costs attached to the direct costs of providing the Highways Agency and to examine the savings that may accrue upon transfer of the agency.

2. BACKGROUND

2.1 The District Council over the past 2 years has undertaken a Best Value Review on its Highways and Land Drainage services. The Review concluded earlier this year that the Highways Agency that the Council operates for the County Council was not an effective use of resources. Information generated through the review identified that the Council contributed £307,000 Per annum to run the agency and that it did not gain any real benefit or influence by doing so. It was agreed in February this year that the Agency should be terminated at the end of March 2003.

2.2 A major saving of £167,000 per annum will occur as a result of the transfer of 21 staff from the District Council to the County Council. However, the present contribution by the District Council also includes £139,900 of support service costs. Those costs are set out at Appendix 1. All the units identified in that appendix have been asked to see how they may reduce their costs as result of the transfer of the Agency.

The responses can be summarised as follows:

Finance - the Audit Services Division can reduce costs by £9,000 per annum through cessation of a part time post dealing with insurance. Other costs would be absorbed owing to increase in other work demands.

Legal Services - no reduction in costs as other work demands would absorb costs.

Member and Customer Services - this cost is an unusually high one off cost associated with work connected to a public right of way inquiry.

Council Support Costs - no reduction as these represent costs of council wide activities and are not in themselves service related. They are apportioned and will therefore be spread around the remainder of the Council's services.

Leisure and Amenities - these costs are associated with administering the maintenance works to verges and highways trees that will still be carried out by this Council. Therefore, there will be no reduction in these costs.

The following charge costs to the whole of Engineering some of which relate to the Highway Agency:

Property Services - these cost represent a small portion of a person's time and are practically impossible to save in real terms.

Corporate Personnel Services - no reduction in costs as other work demands would absorb costs.

Planning Services - this cost is the management cost of John Archer and his attached costs. As this was transferred to the service as a result of the recent restructuring and no increase in management costs was made in that restructure no saving can be achieved.

- 2.3 That only Finance can offer a saving is disappointing especially as Legal Services lost work recently as a result of the transfer of the Severn Trent Agency and they now use Sharp Pritchard for major work. However, the Council has recognised that other approaches to achieving savings are required. For example, the Council Support Services costs would be better assessed by looking at them as a service in itself rather than as an ancillary cost to another service.

3. POLICY AND BUDGET FRAMEWORK

The Council's Financial Strategy sets out a framework in which the Council will aim to achieve savings year on year. To do this in a way that does not have harmful impacts on Council services does mean that direct and indirect costs have to be assessed and the Council has agreed to a different way of identifying and implementing savings.

4. OUTCOME(S) REQUIRED

To consider the report and determine what if any further investigation should be undertaken.

Chris Elliott
Strategic Director

BACKGROUND PAPERS

Reports to Executive February and March 2002 re Best value Review and Transfer of the Highways Agency

Areas in District Affected: All

Executive Portfolio Area and Holder: Development Services - Cllr R. Tamlin

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