
Report To:	The Inverclyde Council	Date:	22 February 2018
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	IC/02/18/SA
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Subject:	Roads and Transportation: Shared Services Implementation		

1.0 PURPOSE

1.1 The purpose of this report is to:

- advise on the key messages arising from work on detailed business planning for a shared Roads and Transportation service amongst Inverclyde, West Dunbartonshire and East Dunbartonshire following conclusion of the work carried out since the Joint Committee on 24 March 2017.
- advise on the findings of a detailed business case which reports on Inverclyde and West Dunbartonshire entering into a formal shared service arrangement.
- advise on the outcomes of discussions which have included officers and Trade Unions.
- seek approval to formalise a shared service for Roads and Transportation between Inverclyde Council and West Dunbartonshire Councils based on a Lead (Host) Council model, the lead being Inverclyde Council.
- seek approval for a senior lead officer to be appointed by Inverclyde Council to strategically lead Roads and Transportation services, develop strategic business plans for service sharing across wider front line services and subject to agreement between the Councils, strategically manage a wider shared service.
- Note that whilst East Dunbartonshire have declined to join a Lead Council shared service, they have advised that they support collaboration in the form of a Strategic Partnership. Discussions are ongoing with regards to how Inverclyde and West Dunbartonshire continue to engage with East Dunbartonshire given the differences in approach.

2.0 SUMMARY

- 2.1 Discussions took place during 2015 amongst the Chief Executives of Inverclyde, West Dunbartonshire and East Dunbartonshire Councils on the viability of shared service options. In 2016 the three Councils agreed formally to establish a Shared Services Joint Committee to oversee the operation of and provide democratic accountability for shared local authority services on an equitable basis for Inverclyde, East Dunbartonshire and West Dunbartonshire Councils.
- 2.2 Following the Shared Services Joint Committee on 24 March 2017, officers from Inverclyde, West Dunbartonshire and East Dunbartonshire have been progressing a Detailed Business Case through external consultants. The appointment of external consultants was reported to the previous Shared Services Joint Committee in August 2017. In the development of the Detailed Business Case, lead officers for each authority have considered the strategic context

as discussed in the Strategic Business Case, governance and operating models, implications for the workforce, operational procedures, finance across the three authorities, future strategies and work plans, actions associated with delivery, and key risks. These elements have been analysed in detail and have informed the key recommendations made in this report.

- 2.3 While communication and engagement with the joint Trade Unions has been ongoing throughout the project, on completion of a draft Detailed Business Case covering the three Authorities, extensive discussions took place with joint Trade Unions and these discussions have shaped final recommendations.
- 2.4 The lead officers from the three local authorities have considered the recommendations and in the case of Inverclyde and West Dunbartonshire Councils, are in agreement to progress to a Shared Service for Roads and Transportation through a Lead (Host) Council model subject to approval through each Council and the Joint Committee. In this report a Lead (Host) Council involves a single Council taking responsibility for strategic management and leadership for the two Roads and Transportation Services. Employees would continue to be employed by their existing Councils, although work would be aligned to generate both efficiencies across operational functions and exploit opportunities across the capital programmes of the two authorities. In this respect, negotiations would be required across the workforce to agree and facilitate cross boundary working. At this time, East Dunbartonshire Council has declined to engage further in a Lead Council Shared Service model. East Dunbartonshire seek continued engagement however on possible collaboration opportunities, the details of this require to be worked through.

In consequence of the position now being taken by East Dunbartonshire, a Detailed Business Case specific to a shared Roads and Transportation Service between Inverclyde and West Dunbartonshire has been produced to reflect the two Councils progressing with the Lead Council model. A copy is attached to this report.

It is recommended that Inverclyde be the Lead (Host) Council. In reaching the decision to recommend Inverclyde Council, the two Chief Executives and Council Leaders agreed on the basis of criteria including leadership capacity, capability and experience.

It is proposed that a senior manager be appointed by Inverclyde through a recruitment process involving a panel comprising equal representation from both Councils to lead on strategic management as described above. For heads of service appointments the recruitment policies of Inverclyde and West Dunbartonshire differ in terms of elected member involvement. The Inverclyde Council policy involves both elected members and officers on the recruitment panel whereas the West Dunbartonshire policy has no elected member involvement. It is proposed that the composition of the recruitment panel for the senior manager post involves officers from both councils as follows:

- The Chief Executive of Inverclyde Council (Chairperson)
- The Chief executive of West Dunbartonshire Council
- Corporate Director Environment Regeneration and Resources, Inverclyde Council
- Strategic Director, West Dunbartonshire Council

An HR Advisor would also be present on the appointment panel in an advisory capacity.

Provision for the management and funding of this post is presented to the Council titled Proposed Modifications to Committee and Senior management Structures.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Council:

- (i) notes the Detailed Business Case in respect of Inverclyde and West Dunbartonshire Councils and its recommendations in respect of progressing a shared service for Roads and Transportation Services on a Lead (Host) authority model as defined in this report and the support for this between the Chief Executives and lead officers from the two Councils.

- (ii) agrees the implementation of a formal shared Roads and Transportation service commencing on 1 April 2018 between Inverclyde Council and West Dunbartonshire Council with Inverclyde as Lead (Host) Authority.
- (iii) authorises the appointment of a lead officer by Inverclyde Council through a recruitment panel process supported by both councils as outlined in this report, with all Council costs subject to approval through the budget setting process.
- (iv) notes that the Shared Services Joint Committee will be updated on the agreement between Inverclyde and West Dunbartonshire and advised of any governance arrangements necessary in consequence.

Scott Allan
Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 Discussions took place during 2015 amongst the Chief Executives of Inverclyde, West Dunbartonshire and East Dunbartonshire Councils on the viability of shared service options. Further dialogue has taken place since that time and the three Councils have co-ordinated key actions to develop a business case for an integrated shared Roads and Transportation Service.

These discussions were driven by a recognition that Roads and Transportation involves a wide range of specialist professional functions encompassing, transportation, roads management and maintenance, bridge design and management, traffic management, parking management, flood risk management as well as front line operational activities such as network and winter maintenance. The combination of these specialisms is difficult to sustain in a smaller Council. It has been identified through national initiatives such as the Road Maintenance Review (as instigated by the Minister for Transport in 2012 following a critical report by Audit Scotland into road maintenance) that larger roads and transportation services are better placed to deliver efficient and effective strategic roads and transportation services. Reports resulting from the Road Maintenance Review and supported by SCOTS, SOLACE, COSLA and the Scottish Government recommended that Councils progress shared services for roads and transportation. This theme was continued in further Audit reports into Road Maintenance in 2013 and 2016. These reports from Audit Scotland were critical of Scottish Councils over slow progress with respect to shared roads and transportation services.

In 2016 the three Councils agreed formally to establish a Shared Services Joint Committee to oversee the operation of and provide democratic accountability for shared local authority services on an equitable basis for Inverclyde, East Dunbartonshire and West Dunbartonshire Councils.

Following the Shared Services Joint Committee on 24 March 2017, officers from Inverclyde, West Dunbartonshire and East Dunbartonshire have been progressing detailed business planning through external consultants. The appointment of consultants was reported to the previous Shared Services Joint Committee in August 2017. In the development of detailed business planning, lead officers for each authority have considered the strategic context as discussed in the Strategic Business Case, governance and operating models, implications for the workforce, operational procedures, and finance across the three authorities, future strategies and work plans, actions associated with delivery, and key risks. These elements have been developed in detail and officers are satisfied that the recommendations presented in a Detailed Business Case encompassing the three Councils are robust.

On completion of the detailed Business Case encompassing the three Councils, extensive discussions took place with Trade Unions representing all employees.

The key messages emerging from the detailed Business Case are as follows:

Recommended Delivery Model

- 4.2 Following a matrix evaluation of alternative delivery models, the Detailed Business Case recommended a lead authority (host authority) shared service model. This is a model whereby a host authority takes the leadership role across the three councils and manages the workforces collectively. This model as presented in the Detailed Business Case assumes that over a period of time the Lead (host) authority will become the employing authority with all employees transferring after a period of time. Lead officers from the three Councils considered this model and discussed the implications with Trade Unions.

Lead officers from the three Councils recommended to Trade Unions that the preferred model was the 'Lead Council' model as described in the Detailed Business Case which included the application of TUPE after a period of time and transfer of all affected employees to a single Council.

Trade Unions expressed concerns over this model with regard to the implications of a single

employer and TUPE. The Trades Union after consideration confirmed that they would not agree the proposed model specifically due to TUPE transfer but that they would continue engagement on a shared service. Lead officers in discussions with Trade Unions have therefore revised the original recommendations. Through the process of this discussion differences have emerged between the approach which is preferred by Inverclyde and West Dunbartonshire and the approach preferred by East Dunbartonshire Council.

Inverclyde and West Dunbartonshire consider that the potential efficiencies, improved productivity, professional capability, training performance and enhanced resilience, can best be achieved through a 'Lead Council' model. Officers consider that this option remains fully effective whilst the workforce remains within the employment of existing Councils. In other words there would be no transfer of employees and no TUPE. In order to achieve efficiencies across operational and professional work streams and significantly to exploit future workloads from each Council's capital programme however, there needs to be cross boundary working and this remains an issue to be negotiated.

Lead officers in Inverclyde and West Dunbartonshire, in the context of the comments above, recommend that a formal Shared Service be agreed on a 'Lead Council' model, with Inverclyde as Lead. It is further recommended that a lead officer be appointed through equal input between the two Councils.

Decisions on local investment will remain within each of the two partner councils. In other words, each council will retain its own budget responsibility, set its own programmes and work to its own priorities as is currently the case. Frontline employees will remain in their Council areas and within existing depots. Professional staff are anticipated to remain at existing locations taking advantage of technology and flexible working to work productively and effectively across local authority boundaries.

Governance

- 4.3 In terms of the implementation plan for Roads and Transportation Services, it is proposed that a lead officer be appointed prior to 01 May 2018, working to a Corporate Director, to manage the organisation. The post holder will strategically lead Roads and Transportation services, develop strategic business plans for service sharing across wider front line services and subject to agreement between the Councils, strategically manage a wider shared service. An annual service plan will be prepared by the management team for agreement by the Joint Committee to form the basis of performance management across the shared service. Performance will be reported on a regular basis to the Joint Committee along with progress on efficiency/productivity.
- 4.4 In terms of the wider governance arrangements, Inverclyde Council, West Dunbartonshire Council and East Dunbartonshire Council have agreed to establish a Joint Committee for the range of services set out in paragraph 4.6, below. As East Dunbartonshire Council wishes to remain in the process of discussing shared services for the future, it is intended to implement the governance arrangements which are set out within the Joint Committee Minute of Agreement. These arrangements provide that, within the Joint Committee, Elected Members may only vote in relation to the specific shared services that are relative to their authorities. In summary, only Inverclyde Council and West Dunbartonshire Council will be involved in the implementation of Roads and Transportation Services whilst remaining within the structure of the Joint Committee. In this way, both Inverclyde and West Dunbartonshire Councils can make progress with their implementation plan for Roads and Transportation Services whilst East Dunbartonshire Council is still able to engage as it may wish as matters progress. It is a specific provision of the Joint Committee Minute of Agreement that Members will only participate on those shared services for which their member authority is participating and suitable provision to this effect is already incorporated within the Joint Committee's procedural Standing Orders. Accordingly, at this time, it is not proposed to make any alteration to the Joint Committee arrangements but these can be considered in the future depending on progress and the wishes of the respective Members. It is critical to note that only Inverclyde Council and West Dunbartonshire Council are able to determine and be accountable for progress of implementing the sharing of the Roads and Transportation Services.

Finance

- 4.5 Each council will continue to have governance of its own revenue and capital budgets. The Lead Officer, however, will deliver each council's budget priorities in the most cost effective manner through the shared service. It is expected that a greater proportion of the combined capital programme of the Councils will be delivered in house in comparison with what happens at present due to increased professional resilience and capability.

Future Extensions

- 4.6 Work will continue on the business planning to evaluate widening roads and transportation shared services to other frontline services such as ground maintenance, street sweeping, waste collection and disposal and vehicle maintenance. The outcome of this work will be reported back routinely to the Shared Services Joint Committee. The appointed lead Officer will take a lead role on this.

Members are asked to note the productive work to date in the development of this detailed business case and approve the recommendation of the Chief Executives and lead officers of the two councils for a shared roads and transportation service to be progressed through the Lead council model (as described in this report) and that Inverclyde Council be the lead council and the appointee of the Lead Officer. Lead Officers further recommend that the Lead Officer will report directly to the Corporate Director Environment, Regeneration & Resources in Inverclyde Council following a recruitment process with equal representation from both councils with accountability for performance and outcomes resting with the Joint Committee.

5.0 IMPLICATIONS

Finance

5.1 Financial Implications:

An allocation for the funding of Inverclyde Council's share of the costs is included in the report on Proposed Modifications to Committee and Senior Management Structures and is subject to approval through the Budget Setting process.

In addition to the Council's share of the Lead Officer and administrative support costs, the Business Case outlines the financial benefits from the Shared Service. The Lead Officer will work with each Council to firm up these figures and a savings target for Inverclyde will be reported to Members during 2018 however significant savings are not anticipated given the significant funding reductions in the Roads Service in recent years.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Roads Shared Service	Employee Costs	2018/19	50		Costs are net of equivalent contributions from West & East Dunbartonshire. Funding subject to approval through the Budget Setting process.

Legal

5.2 N/A

Human Resources

5.3 N/A

Equalities

5.4 Has an Equality Impact Assessment been carried out?

☐

Yes See attached appendix

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No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

5.5 N/A

6.0 BACKGROUND PAPERS

6.1 N/A



Shared Roads and Transportation Service

Incorporating

West Dunbartonshire Council

and

Inverclyde Council

Business Plan

February 2018

Version No / Date	Date Issued	Comments	Distribution
BP1.0	26/01/18	Draft	Lead Officers
BP1.1	30/01/18	Draft following comments from lead officers	Lead Officers
BP1.2	09/02/18	Final draft following comments from lead officers	Lead Officers
BP1.3	09/02/18	Further comments added to final draft	Lead Officers
BP1.4	09/02/18	Formatting and page number changes	Lead Officers
BP1.5	12/2/18	Additional change at Para 9.2	Lead Officers
BP1.6	14/2/18	Additional changes at Paras 1.8 and 9.2	Lead Officers

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1.0 EXECUTIVE SUMMARY

1.1 Background

During 2016 and 2017, senior officers from West Dunbartonshire, East Dunbartonshire and Inverclyde Councils jointly developed a proposal for a combined roads service, reporting on progress regularly to the shared services Joint Committee. A Strategic Business Case was presented to respective councils in February 2017, and agreement reached to progress to detailed Business Plan stage by the end of 2017, including an assessment of the most appropriate operating model.

Following receipt of the detailed Business Plan in December 2017, the Chief Executives agreed to report to each council based on a recommendation that West Dunbartonshire and Inverclyde would proceed into the shared service on a Lead Authority model, with East Dunbartonshire preferring an informal collaboration agreement without being a legal part of the new combined roads service.

Given the previous approval of the Strategic Business Case, and based on the original tripartite assessment and Plan, this Business Plan develops the proposal further and shows the key issues, benefits and dis-benefits of forming a new shared roads service. This Business Plan also tests the previous agreement and further develops the processes required to achieve the outcomes.

This proposal for change is being presented within the context of Revenue Budgets having been reduced by typically 15% across the partner council areas over the last five years; the 2012 National Roads Maintenance Review (NRM); and the subsequent reviews by Audit Scotland in 2013 and 2016 - which concluded that increased collaboration and shared services should be the way ahead for all councils, in particular to provide improved future resilience of service provision.

The development of this partnership can also be considered in the wider context of the national Roads Collaboration Programme, which is encouraging the establishment of locally-led shared services across the country.

Over the next three to five years, the partner councils will face further financial challenges, and operational services such as roads will bear much of this pressure. It is expected that this could lead to continued reduction of workforce, with continued loss of skills, capacity and expertise, unless a revised delivery model is introduced.

Across the partnership area, the condition of carriageways is broadly stable according to established condition assessments. Investment in LED lighting is improving the quality of street lighting and reducing maintenance needs. The condition of lighting columns continues to decline. There has been a decline in funding for the stock of structures, and traffic is generally increasing by around 2% per annum.

1.2 Councils' Agreement to establish a Joint Committee

The shared services project has an established governance structure already in place through the Shared Services Joint Committee which was established in December 2016. This Committee provides oversight, policy direction and scrutiny for services shared by the original three councils. However, in terms of the combined roads service, only two partners on the Committee will be required for roads-related matters.

1.3 Strategic Outline Business Case

The Strategic Business Case provided the following objectives for the shared services programme:

- Ensuring Value for money - the new shared service will demonstrate best value, and that practice is made more efficient by removing possible inefficiencies and possible duplication of effort, sharing specialisms, streamlining utilisation and introducing more management and control over the asset portfolio.
- Ensuring the long-term resilience of the roads service within each partner council area.
- Alignment with each council's Local Strategic Plans.
- Alignment with the Audit Scotland's ongoing reporting on "Maintaining Scotland's Roads" and associated Roads Collaboration Programme.

1.4 Development of Options Appraisal and Business Plan

The purpose of this Business Plan is to recommend the most appropriate operational model for a new shared service, and to identify the arrangements that are required to ensure continuity of service while introducing measures to deliver a more efficient and resilient shared Roads and Transportation service across the partnership area.

Seven potential operating models were identified as having the potential to deliver a shared service, and eight criteria were identified against which each model was measured.

Lead (Host) Authority is judged to be the most appropriate model for delivering shared Roads and Transportation services across the partnership area.

1.5 Recommended model

A range of strategic and operational benefits will accrue with the adoption of the preferred Lead (Host) Authority shared service model. Lead (Host) authority is an established and respected delivery model in roads which provides an excellent opportunity to deliver resilience of service management and delivery. The model will offer job security and career prospects will be enhanced with all employees continuing to be employed by their own authority. No procurement is required to establish the service and it will provide a framework to align standards and specifications to improve efficiency.

Pooling of existing staff expertise and other resources will deliver improved capacity, particularly at short notice, and partners will each retain control of Roads policy. The model will deliver early gains, improve resilience and will strengthen operational and business support practice. In the future, the model is well placed to incorporate other council service areas and/or other partner councils.

Decisions on local investment will remain with each of the partner councils. Sharing the cost of the professional and technical core of the new service will be developed over the initial period, and a recharge for the cost of support services will be agreed by partner councils (50/50 split recommended).

1.6 Governance

An initial set-up period will allow the partners, through the Lead Officer, to complete a comprehensive programme of workplans and to arrive at a more integrated Roads service. The elements of governance for the new operation are the individual Service Committees, Shared Services Joint Committee, Lead Officer, and the Lead (Host) Authority. Scrutiny will be provided by both the individual Service Committees and the Joint Committee. Early Committee agreement will be required by each council to allow the Lead Officer to work across the partnership area and to endorse roles and responsibilities. These relationships will be confirmed and agreed through a Service Level Agreement and the Lead Officer's job description.

Annual Service Plans will be prepared by the management team for submission to the individual Service Committees and overseen by the Joint Committee. The first combined Service Plan will be prepared for the period 2019/20.

A performance management framework will be introduced that will integrate new and existing indicators, to report on the success and/or progress of the new shared service.

A review to assess the suitability of governance arrangements will be undertaken during 2020/21.

1.7 Workforce

Immediate resilience gains will be made through bringing together professional, technical and operational staff. New management arrangements are proposed for implementation soon after agreement to proceed is given.

This model will assist in reducing the use of external resources, by developing in-house capacity and where possible offer new employment opportunity as part of the development of capital projects. In addition, opportunities for developing young people will be an essential part of the model.

1.8 Finance

The basic cost of the new management team will be in the order of £100k per annum (assuming support staff to the Lead Officer are provided by partners through secondment).

There is a potential to introduce in-house professional fees of around 10% of capital works, subject to agreement with funding clients, and the ability to recruit suitably qualified staff to replace consultant support.

1.9 Future Actions

There are three levels of future actions proposed.

- Areas of closer collaboration are identified that will provide an immediate improvement in resilience in various service areas.

- There are workplans identified for the new management team to complete over the initial period. There are twenty workplan areas and this list will be prioritised by the new management team with resilience and efficiency the key criteria. Many of these reviews will be revisited in future years to identify additional improvements where available.
- A detailed Implementation Plan is needed to ensure a smooth transition to an improved service and to ensure that the Service Level Agreement is timeously prepared.

1.10 Key Risks

A Risk Log has been prepared that will be updated at regular intervals and reported to the Joint Committee.

1.11 Extending the Shared Service

There is potential and aspiration for the agreed model to subsume additional council services and to provide a Roads and Transportation service to other council areas.

2.0 INTRODUCTION

- 2.1 In the proposed partnership area, the councils are responsible for the network management of some 739km of carriageway, 1123km of footway, 28,654 street lights, and 25322 road gullies. There are 106 staff employed across the two authorities at a cost of some £4.2m annually.
- 2.2 The combined nett revenue expenditure in 2016/17 (the last full year's audited accounts) was £5.6m, and in the same period, the capital spend was £10m. Based on the 2016/17 figures, the potential turnover of a combined service would be around £16m per year. Summary combined data is shown in Appendix 1.
- 2.3 For many years, the revenue budgets available to each roads authority have been reducing. This has directly led to reduced staff capacity and gradual loss of experience and specialist skills. The full impact of this has been smoothed to some degree through the use of capital funding.
- 2.4 Senior Officers have assessed potential options for more effective future delivery of road services. The key driver for this is continuing to provide high quality local service for customers, by increasing the capacity and resilience of individual authorities through partnership, and by contributing to corporate efficiency targets. This will be delivered by identifying efficiencies in service delivery and potential economies of scale. The creation of a shared service for roads should be viewed in the wider context of other operational council services, and may, if successful, lead to extension of the roads shared service or separate models being considered for other council services.
- 2.5 In the development of this business plan, there has been a recognition of the nature and extent of approvals from individual councils in respect of the Strategic Business Case and its recommendations. Integrated baseline data has been collected including recent, current and future financing, staff structures, investment strategies and resource availability.
- 2.6 A robust and detailed analysis of potential operating models has been undertaken (Section 6 and Appendix 2) and the recommended model of Lead (Host) Authority

has been taken forward into this Business Plan. This has been fully discussed with Trade Union representatives.

- 2.7 The Business Plan also describes the arrangements that are necessary to transition into the new operating model for Roads and Transportation, whilst ensuring business continuity during the period of change.
- 2.8 This Business Plan includes the actions that will form the basis of an Implementation Plan to be developed after approval of this Business Plan. These are the main actions needed for the introduction of the new shared service.
- 2.9 The main benefits offered by a shared service approach are:
- Improved value for money for each partner authority.
 - Maintaining preference for service delivery in-house.
 - Improvement in service and strategic planning.
 - Greater resilience through sharing expertise and resources at all levels.
 - Improved staff career path opportunities.
 - Improved service quality through sharing best practice.
 - Improved consistency through removing potential duplication and from standardising processes, systems and procedures.
 - Improved management information systems leading to better decision making and services to the public.
 - Greater opportunities to pilot, test and innovate

3.0 STRATEGIC CONTEXT

- 3.1 The Strategic Context for this Shared Service was set out in the Strategic Business Case (February 2017). The key contextual observations are summarised below.
- 3.2 There is a well-established culture of collaboration across both partners that has been embedded for many years. Senior roads officers were part of the previous Roads Working Group which until recent years, provided a regular opportunity for sharing of knowledge and expertise across the west of Scotland.
- 3.3 Increasing collaboration and development of shared services are key requirements of the 2012 National Roads Maintenance Review (NRMR) and subsequent reviews by Audit Scotland in 2013 and 2016. In 2016, Audit Scotland challenged all authorities around their long-term planning and resourcing for road maintenance, whilst looking for evidence of progress in the delivery of collaboration to create service efficiencies. Roads Authorities have recently reported back to Audit Scotland committing to further long-term collaboration.
- 3.4 Regional cluster groups of authorities are developing a wide range of collaborative activities across Scotland; however, none are as ambitious as this collaboration to form a shared service with local governance by Elected Members.
- 3.5 Involvement in these cluster groups is not exclusive, and councils are able to participate in multiple groups to best suit their local needs and priorities. There is no issue in the Firth of Clyde councils remaining part of the wider collaboration being discussed within the Glasgow City Deal partnership. The terms of the Joint Committee Minute of Agreement gives scope for extending the proposed Firth of Clyde partnership at a later date to involve other local authorities.

- 3.6 The development of this partnership can be considered in the wider context of the national Roads Collaboration Programme (RCP), which seeks to facilitate and encourage the delivery of shared roads services. The RCP has recently published the national Workforce Implementation Plan which aims to kick-start a range of actions to resolve the many workforce-related challenges within Scottish roads services. Assistance from the RCP and the Improvement Service, was provided in the development of the Strategic Business Case and this Business Plan.
- 3.7 It should be recognised that the partner authorities are also members of, and provide funding to, Strathclyde Partnership for Transport (SPT), which has clearly defined statutory powers and responsibilities. A review of existing and potentially new sharing with SPT should be carried out in the initial stages of the shared service.
- 3.8 Each partner council has internal transformation programmes underway, and it is important that the shared service project provides synergy with these corporate programmes.

4.0 FUTURE SCAN

- 4.1 All councils are facing ongoing financial challenges over the next three to five years, and operational services such as roads will bear much of this pressure. It is expected that this may lead to a continued reduction of workforce, with continued loss of skills and expertise. Single points of failure of service, and the requirement to utilise consultants is now being increasingly experienced.
- 4.2 Whilst some augmenting of revenue budgets is taking place using capital investments, this is not sustainable and will not address the long term underlying challenges. It is possible that decisions from Central Government post 2020 may release additional capital investment funding for infrastructure and councils should aim to benefit fully should that occur.
- 4.3 The average age of the workforce is approaching 50 years, and along with a low rate of entry by younger staff, this will exacerbate the workforce challenges. A strong commitment to workforce planning, including apprenticeships, will be essential.
- 4.4 Currently the only asset management data reported widely is the road condition index. Across the partners this is showing a very small decline but is broadly stable. Across other main assets, investment in LED lighting is improving the lighting service, however the condition of columns continues to decline. There has been a decline in funding for the stock of structures, and their condition is declining.
- 4.5 The new national Code of Practice for Road Maintenance, now being implemented, brings a new risk-based approach to determining inspection and reactive maintenance responses. This will change the way that all councils undertake infrastructure repairs and inspection scheduling. New maintenance strategies and manuals will be required.
- 4.6 Traffic in all council areas is growing steadily at approximately 2% per year. Some of this is associated with new developments whilst the wider digital transformation process (e.g. online retailing and local deliveries) is putting more vehicles onto the roads. This will increase pressure at junctions and on capacity of key arterial routes, some of which are trunk roads.
- 4.7 The Office of the Roadworks Commissioner has carried out a review of its functions, powers and responsibilities. This will be reported to Scottish Ministers during 2018

seeking authority to charge for road openings, increase maintenance periods for openings, increase inspection requirements and verification/coring programmes. This will have significant specialist resource implications for all councils.

- 4.8 The national progress of collaboration, following on from the National Road Maintenance Review in 2012 was considered “slow” by Audit Scotland in 2016. The implications on this continuing could be that structural reform of roads authorities by Scottish Ministers may take place. However, the shared service being created locally is an exemplar and could become a model for others to follow.
- 4.9 As the Brexit process evolves, it is likely that there will be increased focus on national infrastructure in its role as catalyst to local economic growth and attractiveness to inward investors. Roads Authorities will be expected to react positively, using all available knowledge of asset condition and investment needs. The impact of not investing could be punitive.

5.0 GOVERNANCE

There are six elements to the governance model that will oversee the new operation.

5.1 Partner Local Authorities

Primacy of decision-making on all matters of policy, service standards and finance will remain with individual service committees within the partner authorities.

5.2 Shared Services Joint Committee

The shared services project has an established governance structure already in place through the Shared Services Joint Committee set up in December 2016. This Committee provides oversight, policy development relating to collaborative activity and scrutiny.

5.3 Lead Officer

The Lead Officer will be employed by the Lead Authority and will manage Roads and Transportation assuming overall responsibility for the combined service. He or she will be responsible for reporting to the Joint Committee, and to the partner local authorities. Day-to-day operational matters will be reported to the Director with a responsibility for the Roads Service within the lead/host authority and liaise with the appropriate senior officers within the partner authority.

He or she will be responsible for delivering the Implementation Plan, and the development of the Service Plan, which will be submitted for approval by each council. In addition, the lead officer will be responsible for the production of the Annual Report, Budget Monitoring Reports, the Roads Improvement Plan, and policy reports as requested by the Joint Committee or by either of the local councils. He/she will also be responsible for the preparation of Strategic Business Cases for other potential areas of shared service.

5.4 Lead (Host) Authority

The lead authority Corporate Director will provide line management of the lead officer, who will attend each partner authority’s management team meetings as required. In addition, the service will be subject to all internal control arrangements that apply within the lead authority.

5.5 Scrutiny

Scrutiny will be undertaken by both councils in accordance with their own scrutiny processes, as set out within their respective Corporate Governance arrangements. The performance of the new shared service will be monitored by the Joint Committee, while performance management will be the responsibility of the lead officer, reporting to the Director with a responsibility for the Roads Service within each partner authority.

5.6 Performance Management

A performance management framework will be devised by the new management team. This will incorporate existing indicators and a new set of indicators that will be agreed by the Joint Committee. The new indicators would cover finance, resilience and efficiency, and would demonstrate progress against agreed workplans. Baselines and targets will be agreed early in the initial period and regular reports will be submitted by the Lead Officer to the Joint Committee.

6.0 OPERATING MODEL

6.1 Recommendation

It is recommended that a Lead (Host) Authority Shared Service should be adopted to provide the most appropriate operational model for the shared Roads and Transportation Service. This model will also provide a continuity of service during a period of change and will maintain local decision-making on local Roads investment. A summary of the operating model assessment is contained in Appendix 2.

6.2 Choice of delivery options

There are few models of formal collaborative arrangements within the roads sector in Scotland, or indeed in the UK. Seven delivery options were identified for the appraisal process.

The options considered were:

- Status Quo with increased collaboration between councils
- External Partnership (North Lanarkshire Model)
- Strategic Delivery Model
- Lead (Host) Authority Shared Service (Ayrshire Roads Alliance Model)
- Client/Contractor (Tayside Contracts Model)
- ALEO (Arm's Length External Organisation)
- Privatisation

6.3 Assessment Criteria

Eight criteria were identified, against which each model was assessed. These can be classified as Internal (Employee Impact, Risk, Delivering Cash Savings, Delivering Efficiencies and Affordability/Sustainability) and External (Capacity to Deliver and Resilience, Customer Outcomes, and Democratic and Local Accountability).

6.4 The Recommended Option

The assessment shows that the Lead (Host) Authority model is the best overall option considered. From the assessment, there are some strategic and operational benefits of this model. These include:

- Lead (Host) authority is a formal, established and respected delivery model for a roads service, and is being used (for example) by the Ayrshire Roads Alliance.
- Maximises the benefits from sharing.
- Provides best opportunity to protect in-house resilience of service delivery.
- Job security and career prospects enhanced.
- No procurement required to establish.
- Maintains decisions on local investment and works programmes with each partner council.
- Provides mandate and focus to align standards and specifications to improve efficiency.
- Ease of pooling existing staff expertise and other resources in short timescale.
- Ability to be flexible to future change, to add other partners and other service areas.
- Partners will retain local overall control and accountability.
- Low risk of service disruption during transition to new service, and potential to phase introduction.
- Low set-up costs.
- Ability to make quick gains and efficiencies especially around productivity and procurement.
- Provides access to best operational and business-support practice across both partners.
- Remains reactive to ongoing financial challenges.

6.5 The Lead (Host) Authority

It has been agreed that Inverclyde Council will assume the role of Lead Authority.

6.6 Professional and Technical Staff

Through the Lead Authority model, professional and technical staff, who will work more closely together from the outset, will provide a strategic core for the new service.

6.7 Support Services

During the initial period, it is assumed that administrative support will be provided corporately across the partners. There will be individual internal costs to be absorbed corporately. Each authority has already invested heavily in management input to develop this shared service, and this is expected to continue.

7.0 WORKFORCE

7.1 Consultation

There has been continuous consultation with Trade Unions throughout the lifetime of this project. The Option Appraisal Matrix (Section 6 above and Appendix 2) and the final draft of the original tripartite business plan have been shared and the Unions' views considered. This engagement continues with the Trade Unions having a copy of this updated final draft relating to West Dunbartonshire Council and Inverclyde.

7.2 Management Structure

An initial recommended management chart is contained in Appendix 3. This will allow the shared service to develop whilst maintaining continuity of service.

The service will be led by a professionally qualified Lead Officer (Head of Service/Chief Officer remuneration level), who will have a suitable range of experience to lead during the period of change, manage the new integrated service from 2018, and develop strategic business cases for potential additional services in the future.

To be a success, the new service will require dedicated business development support from partner authorities. It is anticipated that this will come from the existing workforce.

The Roads Senior Service Managers will report to the Lead Officer. These Managers will have functional responsibilities for the new shared service and will be the initial point of contact (ambassador) for each partner council's officers and members. It is envisaged that initially these Managers will be drawn from each of the partners and will be responsible for ongoing service delivery. In addition, they will assist in introducing the changes required for the new operating model.

The Management Team will develop the overall staff structure across the new roads service, undertaking reviews of all aspects of service planning and delivery to promote an efficient and appropriately skilled workforce.

Each individual Roads function will be reviewed, and resources allocated from the pool of expertise available within the new combined staff group.

8.0 OPERATIONAL PROCEDURES

8.1 Whilst each council will remain the local Roads Authority for their area, there are a range of operational procedures which will be aligned through agreement across the partnership using the powers of the individual council Service Committees and the Joint Committee as appropriate. Examples are:

- Winter Service (Roads only)
- Maintenance inspections and response
- Street lighting Strategy
- Development Control Requirements
- Ports & Harbours and Flood Mitigation
- Response to road accidents

8.2 There is no requirement to implement changes immediately, however the Joint Committee will seek alignment over the early years of the service to improve efficiency and maximise the effectiveness of sharing resources.

8.3 Notwithstanding the benefits that can be derived from aligning operational procedures, each Council will be able to maintain their current procedures, along with service levels and maintenance standards in the transition to the new shared service. Moves to new service levels and maintenance standards would be agreed by each council, ensuring there is no loss of local democratic control.

9.0 FINANCE

9.1 Future of trading accounts and use of surpluses

Whilst there is no longer a statutory requirement to retain trading accounts for the roads service, the production of an annual surplus, and its return to the corporate account, is still anticipated by some finance officers. Maintaining trading accounts requires additional administration and use of detailed costing/accounting systems, but does bring with it robustness and transparency, especially useful if proportional re-charging is going to be required.

Use of trading accounts also results in extended record keeping, which has benefits in performance management and comparing cost bases with other councils.

There should be discussion within each partner authority to determine the preferred approach to the use and allocation of any surpluses generated within that partner authority, and whether to maintain trading accounts.

9.2 Set-up / Ongoing Costs

Staffing

Initial and ongoing staff costs will be in the order of £100k. This is based on a new Lead Officer at a salary of around £80k pa plus NI and Superannuation. This cost will be split 50/50 between the two partner authorities and the post will be funded by efficiencies gained in the sharing of resources.

There will be no additional cost in providing a Business Development Officer and Business Support Officer to the new management team as this will come from partner authorities existing resources.

It is assumed that all other staff or resources involved in establishing the shared service will be provided from each partner.

ICT

It is envisaged that integration on all IT may take two years to complete, and careful consideration must be given to the level of integration that is needed from an ICT perspective to meet the needs of the new organisation at key stages of its development. It is assumed that, initially at least, the integrated Roads service will make use of all existing local systems until contracts can be aligned, servers commissioned etc.

9.3 Efficiencies

Potential areas of service have been identified where efficiency savings should be expected in the short to medium term, for example:

- Professional Services
- Operational Services
- Property
- Lighting maintenance
- Electrical power
- Winter maintenance
- Materials
- Sub-contractors

- External contractors
- Transport
- Administration

The management team will take forward assessments in each of these areas to determine the best opportunities to improve efficiency.

Councils have the opportunity to allocate in-house design staff to Capital projects. If there was no in-house expertise or capacity, external consultants would be used. This is an area where recruiting staff could be more effective, particularly trainees.

Both roads services have income streams available from fees and charges for services (e.g. development control, skips, etc), work for other council departments and external organisations (up to 20% of turnover), and in the case of Inverclyde - parking charges. There will be scope to increase this income over time, and the management team will review this during the first year and seek to develop a consistent income structure and develop opportunities for new income streams.

10.0 FUTURE WORKPLANS

There are many areas which have been examined to identify the changes needed in relation to a wide range of roads-related functions. The results indicate the main areas where activity reviews should be focussed in the initial period to ensure the service is fit for purpose to launch as a fully integrated shared service. This list will be prioritised by the new management team with primarily resilience and secondarily efficiency the key drivers. Many of these activity reviews will be revisited in future years to identify additional improvements where available.

10.1 Asset Management

Each Authority is fully committed to the national Asset Management project. This has led to the development of detailed asset plans for all main infrastructure assets along with a methodology for assessing maintenance needs, backlog repairs and investment requirements. Asset Management would benefit from a joint authority approach to recognise cross boundary issues and routes that join communities across the partnership area and with neighbours. The current Asset planning work is labour-intensive, duplicates resources, and could be shared between partners for greater efficiency and resilience, by forming a single asset management team.

10.2 Procurement

In association with the individual corporate procurement teams, roads procurement activity should be reviewed and opportunities to bring together identified and introduced. It is anticipated that one authority will deal with certain areas of procurement (for example WDC are currently leading on the Minor Civil Works contract) and the other authority dealing with other elements.

10.3 Winter Service

During the winter of 2018/19, lead officers and managers will have been identifying opportunities for future sharing. A full review will take place during 2019 for introduction in winter 2019/20.

10.4 HGV drivers

There is a challenge to attract drivers with HGV licences to participate in winter service operations. This is in line with a national shortage of HGV drivers across industry and is leading to cost increases. Initially, a pool of HGV drivers should be created across the partnership, with effort needed at each local level to attract new resources or train existing staff. This will have been assessed during winter 2018/19 to have enhanced plans in place for the following year.

10.5 Professional Services

There is emerging pressure on professional specialisms within the design units. This includes roads design, geotechnical, structures, flooding etc. Currently design capability is integrated into the network management function so there is no recognised 'design team'. Consultants are used to varying degrees and across functions, for example to bring forward schemes to the planning or tender stages. The balance of work offered to the private sector has increased gradually in recent years.

There is good scope to utilise professional capacity from neighbouring councils outwith the partnership, using simple Agreements to formalise recharging etc.

Previously, the design function within a roads authority was founded on robust, committed (at least to the medium term) capital programmes. In the past decade, this design capability has gradually reduced, with the use of more expensive private sector consultancy services increasing. However, a combined capital programme across the authorities may offer the opportunity to create a single design unit with staff costs being charged to individual projects. This design 'consultancy' could be self-funding, ideally with overheads and support services retained corporately. A review and conclusions should be an early priority for the new management team.

10.6 Flood Mitigation

Both councils have flood mitigation needs, and commitments to local flood groups. WDC and IC have allocated a part FTE split across other activities. The overall capacity should be shared into a combined flood defence officer working to a single maintenance schedule for all defences.

10.7 Road Safety Auditing

There is no capability across the partnership on road safety auditing. This capability is purchased as and when required, from a very limited private sector supply chain. As a result, costs and availability become an issue. This is a legal responsibility as part of new developments and major alterations to existing roads, and there is potential to pool work across the partner councils (and possibly beyond) to form a workload that would justify some in-house resource.

10.8 Road works co-ordination

The administration of the register of Road Works is currently carried out separately by each council, using the national Symology system. Trained users enter information on all road openings on any part of their road network. Whilst WDC and IC have staff doing this, they are generally not dedicated to this work and there are workload concerns, along with single points of failure. Pooling this to increase the

overall capacity in this work, along with alignment of processes, will provide vital resilience in this area of legal compliance. This should result in a combined Road Works administration (and inspection) team. The current national review of the Office of the Road Works Commissioner is likely to add work to this activity with increased inspections and potential charging for road openings in the future (post 2019). There may be an opportunity at that time to share a single utilities inspector across the partnership area (possibly with other partners) to reflect the expected increase in workload.

10.9 Development Control (including Roads Construction Consent)

Both councils are facing increasing demands on ever-reducing staff able to deal with the processes relating to planning and construction of new developments. WDC and IC have less than one dedicated FTE each. This expertise should be immediately combined.

10.10 Street lighting

By the end of 2018 most of the lighting stock across the partnership area will have been converted to LED sources. The maintenance requirements for LED equipment is considerably different to that of previous equipment, and both councils need to respond, establishing new inspection, maintenance and repair processes.

WDC and IC currently have approximately 2.5FTE working on street lighting design and inspection work and have commissioned private contractors for most external work (Amey and Lightways).

WDC energy costs have reduced by 65% through the LED programme. IC will benefit from sharing of knowledge from WDC in this area.

Within the first 6 months of the new service, a value-for-money exercise should be undertaken for street lighting to consider the most efficient model for lighting across the partnership area (including trunk road lighting), examining opportunities to extend existing capacity to create a fully in-house service, or sharing a single provider.

A new joint maintenance manual for LED lighting should be immediately developed and resource requirements assessed.

Currently, connections to the electricity supply network must be undertaken by Scottish Power or one other national contractor. This is expensive and difficult to schedule accurately with resulting unexpected additional costs and time over-runs. Some Scottish councils are looking to develop an in-house resource to reduce costs and improve time scheduling. This should be considered by the new management team.

10.11 Training and Development

Both councils have significant ongoing training needs for existing and new employees. They are also required to provide refresher and specialist training from time to time. This often involves bringing providers to the councils. This is usually done in isolation without sharing with neighbouring councils. The management of training and development for all staff should be integrated as soon as possible after the start of the new service, in line with individual's terms and conditions of

employment. A combined timetable for statutory training should be immediately established and a training plan.

It is hoped that graduate engineers will be added to the staff group over time, and a single registered/approved Training Scheme will be established to support ongoing development of these staff. A robust continuing development programme will be established for all staff within the first two years of the new service, recognising that some staff may have new or extended functional responsibilities.

10.12 Construction Plant and machinery

Both councils have an extensive fleet of vehicles available for use (mostly provided corporately through a Fleet Management service) along with some specialist vehicles typically hired for specific work. Sharing of these assets will allow numbers of vehicles and equipment to be reduced including a reduction in overall “spare capacity”, and potentially lower hire costs. A full review of plant and equipment should be undertaken within the first six months of the new service. This should include discussion with neighbouring authorities.

10.13 Existing materials (incl salt) and stores

Currently, both councils store extra quantities of both construction materials and salt. Integrating this, and re-organisation of the stores management system and supply chains should be undertaken. A full review of stores and inventory of existing materials should be undertaken within the first year of the new service.

10.14 Depots

An initial assessment of depots suggests that there is no scope for integration on the south side of the Clyde.

Any future assessment should include discussion with the trunk road Operating Company (or Transport Scotland) to explore opportunities for sharing resources.

10.15 ICT systems

Across the partnership area, there are variations in management and technical systems in use, both service-related and corporate. The key issues at this stage are listed below, and the management team should develop and implement an ICT integration plan as soon as possible.

PSN Code of Connection - both councils must comply corporately annually, and will always be out of sync. This could be either externally hosted or internally hosted through a single partner. This can be simplified if Cloud technology is used.

Email - licence sharing/transfer may be an issue and could have revenue budget implications. New email accounts will require additional spend.

PCs - both councils have an ongoing pc refresh programme. There should be no need to replace IT equipment to set up the new service, however this will be reviewed by the new management team

Supporting systems - This requires further consideration by individual councils prior to the commencement of the new service. It should be assumed that all staff could be

remote workers able to work in any offices (similar to established arrangements for NHS staff).

The benefits of sharing in ICT need to be seen in the context of other transformation initiatives within each council, to avoid double-counting of benefits.

10.16 Road Maintenance Management Systems (RMMS)

WDC currently use WDM, Inverclyde do not have RMMS. An opportunity exists to approach the market together.

10.17 Costing systems

WDC use Profess (and are developing a new system to replace Profess and Servitor). IC use basic Microsoft software. If it is agreed that operating with a new trading account is required, then robust costing system information will be required. In addition, SCOTS gather significant data, and both councils complete annual roads asset management survey requirements from SCOTS/APSE. Gathering extensive roads data is vital for input into SCOTS/APSE performance indicators framework.

10.18 Customer Services

All existing paths for the general public to access the Roads service in the existing council areas must be maintained. This includes local telephone numbers and local council websites for fault reporting and other services. Access through local offices must continue. An opportunity exists to improve customer interfacing for all the roads services, ideally moving to mobile app technology in time.

10.19 Offices

Partners have recently reviewed their office requirements and have one main base for most roads staff in each council area.

10.20 Support Services

Currently all roads teams are supported by a range of administrative and technical support staff, some of whom are part of the core Roads service, whilst others are provided corporately. This will not change as each will continue to support their own colleagues. The Lead Officer will keep this under constant review and will promote changes if agreed by both partners.

Early agreement will be reached between partners as to the most appropriate method of cost-sharing for support services. It is recommended that this at least initially should be split 50/50.

11. INITIAL ACTIONS

In addition to the workstreams identified at Section 10, there are:

- areas of closer collaboration that will provide an immediate improvement in resilience in various service areas. These are shown in Appendix 4.

- Initial implementation actions for the 2018 to 2019 period (and beyond) which are contained in Appendix 5. This will form the basis for an Implementation Plan for the new management team to deliver.

12. KEY RISKS

The Risk Log contained in Appendix 6 is a continuation of that first submitted in the Strategic Business Case. This is an organic document and new risks will be added as they are identified, and existing risks deleted when they no longer valid. As part of the Implementation Plan, individual risks will be rated, and mitigation action prioritised through a Red, Amber, Green (RAG) system.

13. POTENTIAL TO EXTEND THE SHARED SERVICE

Whilst this Plan and the early work leading to this stage have focussed on the Roads Service, there are many synergies for other operational services, including Grounds Maintenance, Fleet Management, Waste Services, Trading Standards/consumer protection, Environmental Health etc. The Outline Business Case assessment of operating model and this Business Plan are based purely in relation to the existing Roads Services. The Strategic Business Cases for other services will be undertaken later in 2018, incorporating a view on whether the new roads authority model would be suitable for extending, or whether these services require a different operating arrangement for collaboration.

There is considerable interest in this developing shared service from other Scottish councils. Other councils are seeking to develop collaborative activities with their neighbours and success has been limited in recent years. Such potential expansion of the proposed shared Roads service was not assessed during the analysis of the operating model; however, the creation of the Joint Committee did envisage this as an option and the recommended approach would be flexible enough to accommodate other councils' roads service if a business case supported this and the partner councils were to agree to do so.

List of Appendices

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| 1. Key statistics and operating data | 4. Early actions |
| 2. Summary of Operating Model assessment | 5. Outline Implementation Plan |
| 3. Proposed management structure | 6. Risk Log |

Appendix 1

Key Statistics and Operating Data

Note – 2016/17 figures stated here as being the most recent audited full year accounts available

	Inverclyde	West Dunbartonshire	Combined
Road length (km)	367	372	739
No. of FTEs (rounded)	50	57	107
2016/17 Capital	£6,532,000	£3,546,000	£10,078,000
2016/17 Revenue (net)	£2,354,000	£3,270,000	£5,624,000

	Inverclyde	West Dunbartonshire	Total
Council Managed Road Length Total (Km)	367	372	739
A Class (km)	24	55	79
B Class (km)	23	9	32
C class (km)	54	27	81
Unclassified (km)	267	280	547
Footways/Footpaths (km)	445	678	1,123
Cycleways (km)	19	14	33
Road Gullies (no)	10,398	14,924	25,322
Street lighting columns (no)	12,587	16,067	28,654

FTE	Inverclyde	West Dunbartonshire	Total
Chief officer	0.30	0.15	0.45
Manager	1	1	2
Technical, admin and professional	25.21	28.5	53.71
Operatives	23	27	50
Total	50.08	56.65	106.16

Note : WDC Roads service currently manages the School Crossing Patrol Service, with 23 FTE. This is not included in the IC Roads service at this time.

Appendix 2

Summary of Operating Model Assessment *(for the original tripartite partnership)*

1. Introduction

In March 2017, on consideration of the Strategic Business Case for Roads and Transportation across West Dunbartonshire, East Dunbartonshire and Inverclyde, the shared Service Joint Committee requested officers to develop a detailed business plan for the proposed new service arrangements. A key part of this plan is the choice of an operating delivery model for the new arrangement. This report records the robust analysis undertaken through an option appraisal process, highlighting key issues identified and providing a recommendation.

2. Recommendation

It is recommended that a Lead (Host) Authority Shared Service should be adopted, to provide the most appropriate operational model for the proposed shared Roads and Transportation Service across West Dunbartonshire, East Dunbartonshire and Inverclyde Councils in the future, and for providing continuity of current service during a period of change. The analysis also concluded that the same model would be appropriate for a collaboration of two or more councils.

3. Choice of delivery options

There are few models of formal collaborative arrangements within the roads sector in Scotland, or indeed in the UK. The three examples there are in Scotland have been used for this analysis, incorporating advice from the national Roads Collaboration Programme (hosted by the Improvement Service). This is placed alongside experience from England where there are a considerable number of partnerships with the private sector in their highways sector.

Seven delivery options were identified for the appraisal process. These include the Ayrshire Roads Alliance, Tayside Contracts and North Lanarkshire Partnership, and four additional options that together provide a spread of robust and feasible choices.

With the status quo included as a baseline “do nothing” option, all the remaining options *could* be used for the proposed new service, and the appraisal process has compared each against a set of criteria.

4. Assessment Criteria

Eight criteria were identified, against which each model was assessed. These can be classified as Internal (Employee Impact, Risk, Delivering Cash Savings, Delivering Efficiencies and Affordability/Sustainability) and External (Capacity to Deliver and Resilience, Customer Outcomes, and Democratic and Local Accountability).

5. Delivery Model Options

Status Quo with increased collaboration between councils

There is no formal change of relationship between the Roads Authorities. Each division will remain autonomous with no changes to structure, management and operational arrangements. It is anticipated that over time the Roads divisions would identify further areas where collaboration is possible and beneficial, and these opportunities would be taken to maximise the impact of such activity-led collaborations.

External Partnership (North Lanarkshire Model)

The Roads service would be delivered by a partner selected by tender from the private sector. In the case of North Lanarkshire, Roads and Lighting operational services are delivered by Amey Public Services, an LLP (Limited Liability Partnership) between North Lanarkshire Council, Amey Local Government, and a broad range of private contractors.

There would be a hard client/contractor split, and it is assumed that all roads functions would be included.

Strategic Delivery Model

The Strategic Delivery Model option provides a wholly in-house service, including a shared strategic core for the partner councils with local operational delivery remaining in the employment of each council. Key policy, standards and procedures would be agreed in partnership at the strategic core and approved through the Joint Committee. Each local authority would be required to implement the approved policies and procedures and would contribute to the costs of the strategic core. Investment in local works would remain the responsibility of each council. Overall management responsibilities for the roads service would remain in each partner Council, requiring a senior roads professional within each.

Lead (Host) Authority Shared Service (Ayrshire Roads Alliance Model)

The partner Roads divisions would come together as a single Roads Unit providing a single point for strategic and operational planning and delivery. A Head of Service or lead/senior officer, appointed by the partners, would manage the service and would report to the Joint Committee via a senior Director of the lead (host) authority. The lead (host) authority would provide support services for the new Roads organisation, for example Finance, legal, ICT and HR. The responsibilities of the Joint Committee are defined by a Minute of Agreement, and individual councils assume responsibility for other matters, including local investment decisions.

Client/Contractor (Tayside Contracts Model)

The Client/Contractor model would involve a return to that in operation under Strathclyde Regional Council in the 1990s. It is similar to the Strategic Delivery Model with a strategic core, but with an integrated frontline operational division with responsibility for local works across the partnership area. It should be noted that the Tayside model has “evolved” from the previous regional council Roads department and was not developed by the three unitary authorities post 1996. Whilst there is a Joint Committee, this model is closer to an ALEO than to a lead authority, as all support and business services are provided in-house, and staff have their own Terms and Conditions, which are different from any of the Tayside councils including the nominal lead authority.

ALEO (Arm’s Length External Organisation)

ALEOS have been regularly used by councils for many years, most notably in Leisure Trusts. Most run successfully and benefit from additional financial opportunities not available to other forms of operating organisation. Audit Scotland reported on the use of ALEOS in 2011, and this forms a useful reference point.

This would be an external organisation (company, trust or other body) that is separate from the partner local authorities but would remain subject to local authority influence. Influence can be through the councils having representation on the board of the ALEO and/or being a main funder or shareholder of the organisation.

In this case, there would need to be a single ALEO covering both partner councils with an appropriate democratic governance arrangement put in place.

Privatisation

This model would see a private sector contractor brought in to manage and implement the road and transportation management service in each council area. This could require the transfer of the local Roads asset to a private company, along with responsibility for the upkeep and development of the Roads assets.

6. Scoring

The scoring of the various options was carried out as follows:

- Comments are entered into the box for each criterion/issue against each delivery option.
- A judgement made as to whether the impact of the criterion / issue against each model will be negative or positive.
- The impact is scored as High, Medium, or Low. A judgement of No Impact is also available.
- The Key to the colour coding and the scoring on the matrix is as follows:

Impact	Extent	Score
Negative Impact	High	- 3
	Medium	- 2
	Low	- 1
	No Impact	0
Positive Impact	Low	+ 1
	Medium	+ 2
	High	+ 3

- Once a section of the matrix is complete, the score allocated to each criterion against each model is totalled.
- The results for each section are totalled and transferred to a summary table to show the preferred option.

7. Results and Headline Observations

The scoring of the assessment matrix has been carried out from the point of view of an expert third party examining the pros and cons, and opportunities and challenges of employing each of the seven potential delivery models. The assessment does not assume the position of any of the potential partner councils but does reflect some local knowledge of current challenges and issues being faced by each partner, for example workforce difficulties and levels of expected budget reductions.

The result of the assessment is shown in Section 8 below. Lead (Host) Authority is judged to be the most appropriate model for delivering shared Roads and Transportation services across the partnership area. The analysis was undertaken from a neutral viewpoint in terms of the differing impacts of either being the Host Authority or not. Depending on who is the host, a further analysis has been undertaken to assess the impact, and this is shown in Section 9, illustrating that there is some small variation depending on which Authority hosts

the shared service. It was also noted that this model would be suitable for two or more councils collaborating.

Strategic Delivery, ALEO and Client/Contractor fill the next three places, in that order, all providing potential viable options, but less so than the Lead Authority. The strategic Delivery has significantly less ability to deliver the levels of early efficiencies required nor the immediate improvement in the resilience of the workforce.

Lead (Host) Authority comes out top for two of the eight criteria and joint top for another three criteria.

There is a wide band of scores under the heading Employee Impact, ranging from - 25 for Privatisation to +4 for Strategic Delivery and +3 for Lead (Host) Authority, reflecting the effect on staff of the potential changes. This clearly justifies the effort being made to engage with staff and unions around the proposals.

It is assessed that the largest risks are attached to complete Privatisation and the setting up of an ALEO. However, privatisation and ALEO could deliver the most cash savings/efficiencies alongside the Lead (host) Authority.

An important factor when considering changes to the delivery model for Roads and Transportation is the extent to which the new model would be resilient in the current climate. All the models score low for affordability and sustainability reflecting the current economic situation in the public sector; however, ALEO and Lead (Host) Authority models would be best placed to deliver a resilient service.

It was found that the Lead (Host) Authority model would deliver the best customer outcomes reflecting the ability to introduce new management cultures and practices focussed around the best practices of the partnership and renewed focus on the needs of our communities.

The Status Quo would continue to meet the high standards of Democratic and Local Accountability that is essential, and likely to be of importance to Elected Members. In this regard, Lead (Host) Authority, Strategic Delivery and ALEO were assessed to be jointly a close second, providing confidence that democratic control and influence will be maintained through the change.

Whilst the overall proposal to share services is in line with the national expectation for collaboration and sharing from Audit Scotland in their response to the National Roads Maintenance Review in 2012, the specific partnership being developed here is unique in Scotland and will set an example that others will follow.

8. Recommended option

There are strategic and operational benefits of the Lead (Host) Authority model, including:

- Lead (Host) authority is an established and respected delivery model in roads.
- Provides best opportunity to protect in-house resilience of service delivery
- Job security and career prospects enhanced
- No procurement required to establish
- Provides mandate and focus to align standards and specifications to improve efficiency
- Ease of pooling existing staff expertise and other resources in short timescale
- Ability to be flexible to future change, to add other partners and other service areas
- Partners can retain their own identity and local accountability

- Low risk of service disruption during transition to new service, and potential to phase introduction
- Low set-up costs
- Ease of transfer of operating licences etc
- Ability to make quick gains and efficiencies especially around productivity and procurement
- Provides access to best operational and business-support practice across partners
- Remains reactive to ongoing financial challenges
- Ability to change cultures and be more customer focussed

The following table provides a summary of the assessment findings.

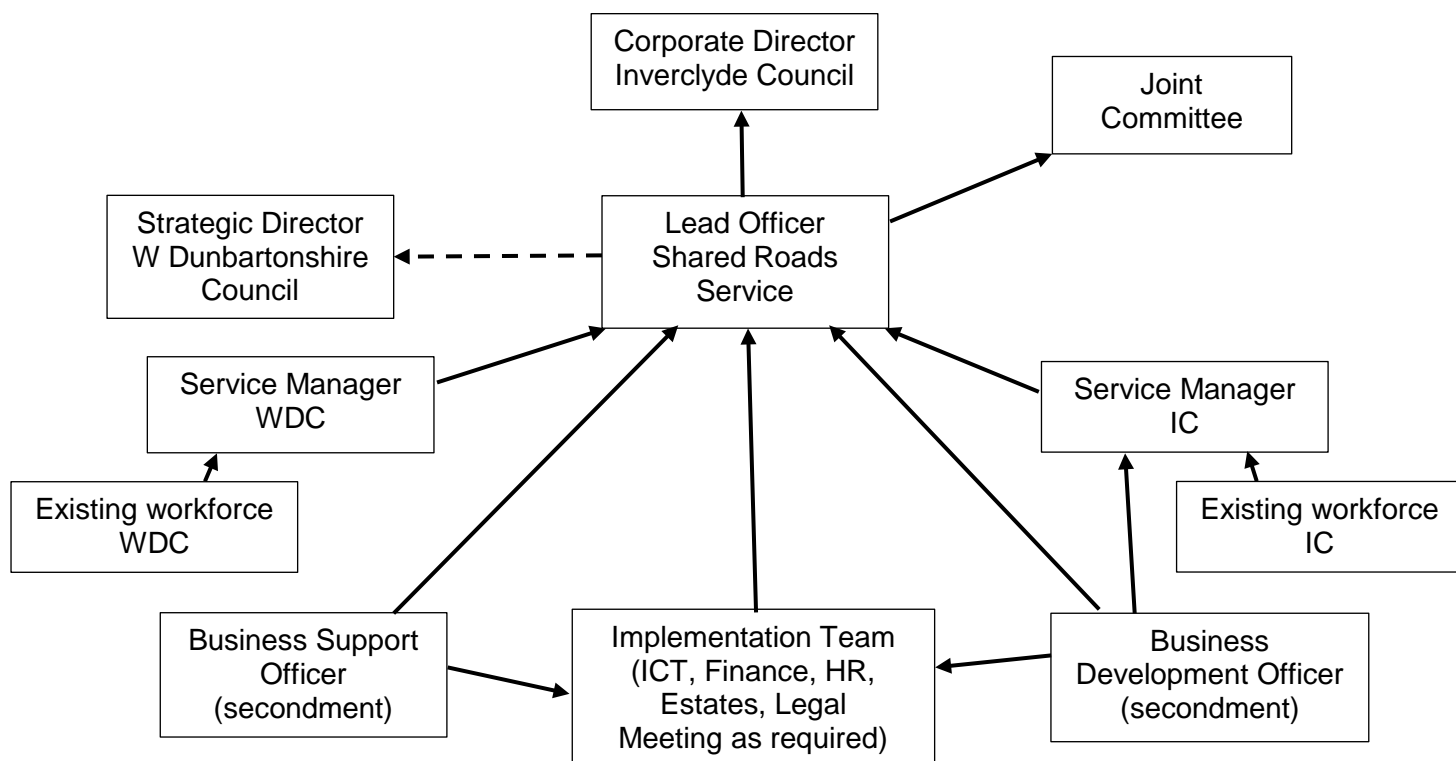
Summary							
Criteria	Status Quo with Increased Collaboration between Councils	External Partnership (N.Lanark)	Strategic Delivery Model	Lead Authority Shared Service (Ayrshire)	Client/ Contractor (Tayside)	ALEO	Privatisation
Employee Impact	0	- 13	+ 4	+ 3	- 2	+ 3	- 25
Capacity to Deliver and Resilience	- 4	- 3	+ 7	+ 8	+ 3	+ 9	- 9
Risk	+ 1	- 6	+ 1	- 1	- 5	- 10	- 14
Delivering Cash Savings	- 2	+ 8	+ 7	+ 10	+ 9	+ 10	+ 14
Delivering Efficiencies	+ 4	+ 15	+ 14	+ 19	+ 16	+ 19	+ 18
Customer Outcomes	+ 5	+ 18	+ 18	+ 23	+ 18	+ 16	+ 15
Affordability/Sustainability	- 1	+ 4	+ 2	+ 4	+ 2	+ 5	+ 7
Democratic and Local Accountability	+ 10	- 2	+ 7	+ 7	+ 7	+ 4	- 7
Totals	+ 13	+ 21	+ 60	+ 73	+ 48	+ 56	- 1

9. Lead and Non-lead Authority

Whilst the assessment considered the Lead (Host) authority option from an independent viewpoint, it was clear that the perspective of some of the criteria could be different between an actual lead authority and the non-lead authorities. To consider this in more detail, an extended assessment was carried out on the Lead (Host) model, to explore the differences in impact on being the Lead authority or a non-lead authority. This is shown below, and highlights that there are small differences in employee impact, capacity to deliver and risk depending on the authority's perspective. The overall scoring was still in line with the main assessment.

Criteria	Lead Authority (baseline)	Lead Authority (as Lead)	Lead Authority (as non-lead)
Employee Impact	+ 3	+ 5	+ 1
Capacity to Deliver and Resilience	+ 8	+ 8	+ 9
Risk	- 1	0	-1
Delivering Cash Savings	+ 10	+ 10	+ 10
Delivering Efficiencies	+ 19	+ 19	+ 19
Customer Outcomes	+ 23	+ 23	+ 23
Affordability/Sustainability	+ 4	+ 4	+ 4
Democratic and Local Accountability	+ 7	+ 7	+ 7
Totals	+ 73	+ 76	+ 72

Appendix 3 Initial Management Structure



Notes

1. Lead Officer's line management will be through Corporate Director Inverclyde Council and will agree reporting schedule with Strategic Director West Dunbartonshire Council.
2. The Lead Officer will also report to, and receive direction from, the Joint Committee.
3. The Business Support Officer and Business Development Officer will be line managed by the Lead Officer.
4. The Implementation Team will meet regularly with attendance based on the stage of development of the project. For example, Estates colleagues may not be required at the start of the project.
5. Additional short life project team(s) will be required as the Lead Officer develops strategic business cases for additional council services that might be shared.

Appendix 4

Early Collaborative Actions

An initial high-level assessment of the opportunities for early gains through sharing across the operation of the partner roads services has been carried out. A number of activities were identified for further exploration and early actions agreed.

The following activities were explored, and opportunities identified.

Training

- Notify each other when arranging future courses especially if bringing in providers.
- Develop combined timetable for statutory training and develop training plan.
- Develop shared graduate training scheme.

Procurement

- IC to make use of WDC minor works contract.
- Both to consider joining national development project on TRIPS.
- Map out future procurement work and combine where possible (consulting and contracting services).

Development Control (including Roads Construction Consent)

- Agreement to be formalised to allow other councils to assist WDC and IC in development control work when capacity allows.

Road works co-ordination

- Agreement to be formalised to allow other councils assist WDC and IC in road works noticing and related functions when capacity allows.

Structures

- Agreement to be formalised to allow structures expertise to be shared covering professional indemnities and including call-out.

Street lighting

- Scope the best future model for lighting maintenance across the partnership area.
- Prepare a new joint maintenance manual for LED lighting and review resource needs based on this, compared to existing.
- Seek to work with other councils in street lighting activities

Winter Planning

- Combine call-out resources from winter 2020
- Develop a pool of HGV resource.
- Analyse 2018/19 data from vehicle tracking/management systems and review routes.

Traffic management

- Establish a common contract/framework for external support.

Civil contingencies

- Meet David Mair, Civil Contingencies Manager, to discuss opportunity of pooled resources for the partnership area.
- Formalise current informal mutual aid arrangements for roads.

Flood Management

- Share flooding specialist staff through recruitment and pooling of workload.

Professional Services

- Collate respective capital programmes and identify opportunities to combine design, procurement and delivery effort.
- Work with other councils when required to deal with peaks of workload

Safety Auditing

- Consider road safety audit expected needs for the next 6 months and share existing knowledge and support plans.

Appendix 5

Outline Implementation Plan

The actions below will be converted into an Implementation Plan once the project has been agreed by the partner councils. This list is not exhaustive, and they are not ranked in order of importance or by order of when they will be completed.

- Operations
- Workforce planning
- Finance support services
- Fleet vehicles
- Accounting financial systems
- Income collection
- Insurance
- Human resources
- Estates actions
- ICT actions
- Legal actions

Appendix 6

Key Risks

This risk log builds upon the risks identified at the Strategic Business Case stage. These will continue to be reviewed, monitored and tracked as the project progresses.

Risk Factor	Description / Impact	Mitigation
1. Governance arrangements do not deliver as required.	The governance arrangements are new to the partner councils. They involve the Joint Committee and the current structures of both councils. There is a risk that the governance requirements do not operate in an integrated way, with the potential for gaps in responsibility and scrutiny of performance.	<ul style="list-style-type: none"> • Training will be built in for Members who would sit on the Joint Committee. • The Service Agreement would include procedures for conflict resolution. • Officers with a responsibility for the Roads Service would attend meetings to offer advice and support.
2. Failure to meet the aspirations of the individual councils.	In the first few years of the service new service arrangements will be established. There is a danger that one or other council would conclude that its own objectives are not being met. This could lead to the cessation of the project.	<ul style="list-style-type: none"> • A service plan will be produced annually for submission to, and agreement by, the Joint Committee. • This would require adoption by partner councils each year. • More broadly, the governance arrangements in place mean that there are several ways in which any council can raise concerns and have them addressed.
3. Perceived loss of local responsiveness and control.	There is a danger that elected Members and the public may be anxious about a possible drop in responsiveness to enquiries and complaints; or that elected members may feel that they have less local control of investment decisions.	<ul style="list-style-type: none"> • Each of the senior managers would act as a single point of contact ("ambassador") for one of the councils and be accountable for ensuring that responsiveness in terms of timeliness and quality of response is to members' satisfaction. • Decisions on level of funding for road renewal work and on which projects are undertaken will rest with individual councils. • Current public access to services will be maintained.
4. Loss of service synergy with other services.	There is a risk of losing the synergy that exists where the Roads service works alongside other council services such as Planning or Economic Development.	<ul style="list-style-type: none"> • Liaison will be built into the Lead Officer's job description. • Directors with responsibility for roads in both councils will take responsibility for ensuring that close liaison with other council services exists.

Risk Factor	Description / Impact	Mitigation
6. Failure to engage with employees.	Poor communication and consultation would result in increased anxiety in employees than would otherwise be the case.	<ul style="list-style-type: none"> • Consultation meetings with Trade Unions will continue and, following approval of the Business Plan, a forward programme of meetings will be established to ensure issues are considered and dealt with timeously. • Staff bulletins and briefings will be introduced. • JCCs at each council will include the shared Roads service as an item on their agendas.
7. Poor communication between partners.	Misinformation or misunderstanding of information can undermine partners' commitment to the project. leading to distrust and project failure.	<ul style="list-style-type: none"> • Establishment of processes and procedures; the Joint Committee; meetings of Directors with a responsibility for the Roads Service; and meetings of Chief Executives will ensure communication is robust. • More broadly, the agreed governance arrangements will result in several ways in which any council can raise concerns and have them addressed.
8. Inadequate staff development time and resources allocated.	Sharing of good practice and implementation of common procedures will lead to a need for employee development. If this is not given sufficient time, then the benefits of the project may be delayed or not fully realised.	<ul style="list-style-type: none"> • Review of the projects that are undertaken will explicitly consider employee development needs and implementation plans will allocate time and required resources to address these needs.
9. ICT systems and platforms are inadequate.	Risk that hardware, processes and procedures not suitable for the new service.	<ul style="list-style-type: none"> • An ICT Implementation Plan will be produced, including a roadmap covering planned ICT activity over first two years of the new Roads service. Training will take place as required.