

ANGUS COUNCIL

COMMUNITIES COMMITTEE - 18 AUGUST 2015

ROADS COLLABORATION PROJECT AND PROPOSAL TO FORM THE NORTHERN ROADS COLLABORATION FORUM

REPORT BY THE HEAD OF TECHNICAL AND PROPERTY SERVICES

ABSTRACT

The purpose of this report is to outline the work currently being taken within the Scottish roads authority sector to explore and develop opportunities for greater collaboration between roads authorities, to highlight how this is being taken forward in the north of Scotland, and to seek approval from Members for the creation of the Northern Roads Collaboration Forum.

1 RECOMMENDATIONS

It is recommended that the Committee:

- (i) Notes the development of the North area Governance First Group, and the methodical approach undertaken to develop the case for creating a new governance body of Elected Members to oversee the development of collaborative activity within the roads service;
- (ii) Approves the formation of the Northern Roads Collaboration Forum to prepare for consideration of the formation of a Joint Committee in the future; and
- (iii) Provides delegated authority to the Head of Technical and Property Services to make arrangements for the formation of the new Forum as detailed in this report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Communities that are sustainable:

2. BACKGROUND

2.1 In recent years many roads authorities have sought to introduce a range of local and national collaborative and shared service/capacity initiatives, recognising the value of working with others to improve resilience and to reduce costs. Much of this work to date has been informal, but does illustrate a positive culture of co-operation, and good starting point for more formal arrangements.

2.2 While informal collaboration exists, particularly among neighbouring councils, local authorities are in some cases struggling to overcome barriers to fully benefit from increased collaborative activity, due in the main to the perceived complexities of EU procurement law. Audit Scotland have previously highlighted concerns through their reports 'Maintaining Scotland's Roads' and have previously set a recommendation for the Scottish Government to review the national approach to roads maintenance in Scotland.

2.3 The National Roads Maintenance Review was duly undertaken and has been previously reported to Committee in Report No 46/12. There is increasing expectation of collaboration though the outcome of the National Roads Maintenance Review notably Option 30 a. The progress is likely to be considered by Audit Scotland later this year when they will revisit "Maintaining Scotland's Roads".

- 2.4 **Appendix 1** contains a Briefing Note from the Roads Collaboration Programme for Members information. The Roads Collaboration Programme was established in December 2014 and is led by the Improvement Service to support the recommendation of the National Roads Maintenance Review and explore potential areas of shared services among the 32 roads authorities and Transport Scotland to ensure robust and sustainable road services. The Programme is overseen by a Programme Board which is made up of Transport Scotland: Society of Chief Officers of Transportation in Scotland (SCOTS); Society of Local Authority Chief Executives (SOLACE); and the Improvement Service.
- 2.5 Angus Council is currently represented on two of a number of Project Groups, namely The North Group and the Central Group. The Briefing Note attached refers to the North Group which is slightly more advanced in its Governance arrangements than the Central Group.
- 2.6 The Central Group also involves Dundee City; Perth and Kinross, Clackmannanshire; Stirling; and East and west Dumbartonshire Councils.
- 2.7 The Northern Group involves Aberdeen City; Aberdeenshire; Angus; Argyll & Bute; Comhairle nan Eilean Siar; Highland; Moray Orkney Islands; and Shetland Islands Councils.
- 2.8 The ability of local authorities to work together is considered essential, to deliver long term efficiencies whilst providing resilience in this key frontline service for Scotland's communities.

3. KEY ISSUES

- 3.1 The two groups comprises of senior service managers/heads responsible for roads services in their constituent authorities. They have been meeting for the past 6 months exploring options to share or collaborate in areas of the roads service where optimum benefits could be anticipated. They have also been considering options for more formal governance that would allow the participating authorities to benefit from collaboration under a legally secure and accountable body. **Appendix 2** provides detail of the strategic context to collaboration and the Governance First approach being taken.
- 3.2 Considerable sharing is already underway within some of the participating authorities, with a variety of ad-hoc and some formal agreements in place to ensure the successful delivery of the following initiatives on a collaborative basis:
- Maintenance of traffic signals
 - Road Safety Audits
 - Weather forecasting service
 - Provision of rock salt and winter gritting equipment
 - Professional services and advice in relation to Flood Risk Management
 - Proprietary road surfacing equipment leases
- 3.3 There are different degrees of participation from the authorities in these initiatives but they form a strong basis for future activity. There is also a wider range of collaborative working already taking place across Scotland through other arrangements such as the national Scottish Roads Maintenance Condition Survey; the national roads asset management project; procurement through Scotland Excel and a national coring program of utility works. Similarly there are numerous local collaborative arrangements including joint procurement through Tayside Procurement Consortium; local plant and workforce collaboration through Tayside Contracts and local sharing of roads maintenance strategies and research and development within the former Tayside councils. It is right that local authorities should have flexibility in terms of which initiatives they wish to participate in. It should be noted that under the current informal arrangements, should additional collaborative initiatives be developed, each would require a further stand-alone legal agreement depending on the sharing in question. This could be avoided under a formal governance structure, where new projects could be regulated through simpler documentation, given that the overarching legal framework would already be in place.
- 3.4 The extent of future collaboration will be considered and agreed by the governing body, with the individual participating authorities taking the decision on whether or not each proposal should be taken forward.
- 3.5 It is anticipated by the participating officers that the approach to sharing would initially be of

“demonstration projects” to identify initial activities where collaboration would help to protect the authority from future service delivery failure through lack of resilience, whilst also identifying opportunities to make savings. Officers have identified the following initial areas of roads services where the most effective short-term benefits from new or increased collaboration are anticipated:

- Asset Management
- Parking administration
- Joint Procurement
- Flood Risk Management
- Development control guidance
- Harbours
- Health and Safety
- Road and bridge design
- Weather Forecasting
- Traffic Signal Maintenance
- Road Safety
- Street Lighting
- Training and development

4. PROPOSED GOVERNANCE MODEL

4.1 To determine the most appropriate governance model, officers have carried out an initial options appraisal of the models available, taking into account perceived benefits and risks associated with each. The groups were fully supported in their appraisal by the Roads Collaboration Programme team, including an external senior solicitor from Burness Paull LLP who provided essential legal guidance to allow the group to make informed decisions when selecting the most beneficial model. The models detailed below have been considered by the Service Manager (Legal Services) through engagement with Burness Paull and the Improvement Service arranged by the Society of Lawyers and Administrators in Scotland (SOLAR). It is considered that both models are robust from a legal perspective and offer the ability for Councils to collaborate whilst meeting the requirements of the EU public procurement rules. SOLAR recognises that there may be other models that could be compatible with a shared service, but agree that those identified by Burness Paull are fully appropriate to allow for a consistent approach to developing collaboration and shared services across local authorities.

Model 1 – Co-operation - this model is based on the strand of European law which permits public authorities to enter into arrangements for collaboration and co-operation without those arrangements having to be the subject of a procurement process.

Model 2 – Joint Body - based on the principles of EU procurement law, a model involving the use of a jointly controlled corporate body would represent a viable model for collaboration and joint service delivery in the context of roads authorities.

4.2 It was agreed that both model 1 and model 2 were viable options and should both be explored in greater detail taking into account the various options that could be developed within each model.

4.3 Outwith the status quo option (‘do nothing’), there were five possible options considered within the two models outlined:

- Joint committee
- Joint board
- Company limited by guarantee
- Company limited by shares
- Limited liability partnership

4.4 From its initial options appraisal, the North Group has concluded that at some stage a Joint Committee would be the most suitable and beneficial option for this geographic area. However, in order to give Elected Members the opportunity to form new partnership relationships and to work with officers to undertake more detailed consideration of the initial set of collaborative activities, officers recommend as a first stage, the formation of Northern Roads Collaboration Forum. The Central Group is continuing to finalise the combined group of the various roads authorities presented in the group and this work is expected to come to fruition shortly.

4.5 For the North Group it is recommended that the Forum should comprise of up to two

Elected Members from each participating authority, to meet quarterly for up to one year. The Forum would at that stage consider formally forming a Joint Committee to allow the sharing of a range of services/activities to begin in earnest.

- 4.6 The starting point in developing the opportunities to collaborate is a view that each roads service at the moment can be seen as providing good, quality services which are responsive to stakeholders and which are clearly accountable at the local level reflecting local needs and priorities. These are crucial elements that must be maintained, and preferably improved, in any process of sharing. The diminution of any quality standard or local response is unacceptable for any shared service delivery model for roads. It is the improvement, strengthening and resilience of services which are the key drivers.
- 4.7 A further report regarding the progress of the Central Group will be reported to Committee as appropriate.

5. FINANCIAL IMPLICATIONS

- 5.1 The fundamental financial consideration within this proposal is the requirement to provide assurances to each Council that within the governing body, although investment may at times be directed for the benefit of collective service provision and for driving efficiencies, every investment benefit will be clearly focused and identifiable for each Council's own budget.
- 5.2 The establishment of governance to lead the development of collaborative activity does not in itself have any financial implications. If a Joint Committee is to be formed at some stage, a Lead Authority will be needed and there may be some limited financial contribution required from partners to that. Each collaborative activity will be subject to a high level business case assessment prior to seeking approval from Elected Members.

Report Author: Ian Cochrane, Head of Technical and Property Services E-mail: CommunitiesBusinessSupport@angus.gov.uk

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report No 46/12 - National Roads Maintenance Review Phase 1 And 2 Reports - 17 January 2012

List of appendices

Appendix 1 - Programme Key Messages

Appendix 2 - Strategic Context to Collaboration in Roads Services and Governance First

Appendix 1 - Programme Key Messages



Programme Key Messages

Programme Aims

The Roads Collaboration Programme (RCP) Board was established in January 2014 to support the recommendations of the National Roads Maintenance Review (NRMR), to explore opportunities to share services and capacity among the 32 roads authorities and Transport Scotland in order to facilitate change and ensure a resilient and sustainable roads service for Scotland's communities.

The Programme is particularly focused on Option 30 – an exploration of the optimal delivery of road maintenance services - which concludes that the sharing of services is “likely to provide benefits and should be explored further in the short term” and that “structural reform is worthy of fuller exploration in the medium term, but only if the anticipated benefits of shared services are not sufficiently realised” (NRMR, 2012; p.4).

The Programme Board has representation from Transport Scotland, the Society of Chief Officers of Transportation in Scotland (SCOTS), Society of Local Authority Chief Executives (SOLACE) and the Improvement Service (IS).

The Programme has the following aims:

- To support the design and delivery of existing roads authority initiatives to share services/capacity within Roads Services
- To develop existing shared initiatives further, considering the potential to widen the scope of what could be shared, widen partnerships, remove/manage barriers to change, escalating the business case design stage to drive forward a faster pace of change
- To identify new opportunities for collaboration between the 33 roads authorities and develop these
- To encourage and support communication across authority boundaries
- To encourage the consistent use of roads-related data, maximising the potential to use the data to drive improvement
- To support local authorities and their partners to establish sound governance arrangements for collaborative initiatives that meet all EU procurement guidelines

Key Messages

- The Roads Collaboration Programme facilitates and enables collaboration between roads authorities, focusing on improving the effectiveness, efficiency and resilience of road maintenance planning and delivery across Scotland.
- The Programme involves all 32 local roads authorities and Transport Scotland, and builds on existing local collaborations, developing informal partnerships to encourage and promote resource and knowledge sharing, whilst identifying and sharing best practice.
- In the longer term, we anticipate there being a wide range of collaborative activity through strengthened partnerships, which will result in savings for the public purse as well as improved ways of working to deliver a sustainable and resilient roads service in Scotland.

Project Summaries

1. Governance First

The Governance First project is based on the concept of “Sharing by Default”; meaning local authorities should approach collaboration and/or the creation of a shared service by addressing the governance requirements as the first fundamental step. Operational design is considered to be a second step following establishment of the governing body, and a rapid business case development approach should ensure timeous implementation.

Benefits of the Governance First approach include:

- Increasing the pace of change by avoiding the typical time lost on focusing initially on operational-focused business cases that can take years to develop and do not engage Elected Members until late in the process.
- Elected Members are involved at the outset of the process and thereby given an opportunity to shape the direction of travel and future vision of the collaborative initiatives/service.
- Establishing a governance arrangement early ensures existing sharing is undertaken from a robust legal framework while also ensuring any future initiatives are undertaken in compliance with EU procurement law.

The Governance First project has successfully embedded the “sharing by default” concept in the development of collaborative initiatives across the country.

Five Governance First project teams are currently undertaking research into appropriate governance models for their area, including which collaborative initiatives they could take forward. 31 of 32 local authorities are now represented in at least one Governance First team.

A shortlist of governance models for assessment by the Governance First project teams has been endorsed by local authority legal officers as being appropriate for legally governing shared services. All project teams are using this shortlist consistently, assessing the options on an equal basis.

2. Addressing Future Investment Requirements

A well maintained road network will deliver a range of economic and social benefits to Scotland. Evidence shows that spending £1 on road maintenance results in a £1.50 benefit to the wider economy and society. Equally, failure to invest adequately and effectively in maintaining the road network will eventually require even greater levels of investment in the future.

The Programme is exploring new ways of funding road maintenance that will support the delivery of long term investment plans set out in each authority's Road Asset Management Plan. Central to this is effectively communicating the critical importance of road maintenance and the asset management approach to the key decision makers.

3. Workforce Planning & Sharing Capacity

A challenge to road maintenance service delivery is a gradual decline in experienced operational workforce, professional and specialist staff, and training opportunities that would make the industry an attractive career path for young people.

The Programme is developing a Workforce Action Plan for the public roads sector to provide authorities with an opportunity to look for innovative and collaborative solutions to address resource challenges. The Action Plan will collate data from each authority and Transport Scotland, including the skill sets required for specific roles and projected workforce requirements, which will be shared with the wider educational and employment sectors. The aim will be to develop a future workforce with the necessary skills to continue to manage our country's road network.

4. Future Collaborative Network Management

Transport Scotland and Local Roads Authorities are committed to working together to improve the maintenance of all our roads. This project will explore existing collaborative activity between Councils and Transport Scotland (and their Operating Companies) to explore ways to increase collaboration between the local and trunk road maintenance providers.

Work is underway to identify the most appropriate delivery model(s) to take forward the future delivery of road services on the local and trunk road networks. Any solution has to deliver the best results for road users and help to make the most of the funds available to repair our roads.

5. Building a National Picture of Roads Services in Scotland

The needs and public expectations of the country's road network are changing, and a greater emphasis is being placed on developing the economic vitality of Scotland, employability and community wellbeing. Our roads – both national and local – connect businesses and communities with each other, whilst linking with other transport modes to get people to their jobs and goods to market. They are a critical component of delivering sustainable growth in Scotland. Well maintained roads benefit all road users by making journeys safer and more efficient.

By considering the central role of the road network in the delivery of many of the ongoing national outcomes and priorities, a stronger "position" for the network will be developed.

This future visioning will bring together the key stakeholders Scottish roads sector to develop an agreed position statement to show clearly the strategic importance of providing and maintaining the nation's road network.

Appendix 2 – Strategic Context to Collaboration in Roads Services and Governance First

Strategic context

Developing formal collaborative practices in road services strongly aligns with the Scottish Government's shared services agenda. In the Scottish Government's response to the Christie Commission Report they stated that Scotland will reform public services through greater integration at a local level driven by better partnerships, workforce development and a sharper, more transparent focus on performance. It is recognised that public services must challenge themselves to work collaboratively, including engaging in sharing services to demonstrate that change can be, and is being, delivered at local level.

Exploration of opportunities for collaborative working is currently being carried out in the context of the Roads Collaboration Programme, in response to the National Road Maintenance Review (NRMR). The NRMR final report was published in July 2012, following a recommendation from Audit Scotland to:

“Consider a national review on how the road network is managed and maintained, with a view to stimulating service re-design and increasing the pace of examining the potential for shared services.”

The Review aimed to identify how those responsible for, and working in, Scotland's roads maintenance sector could deliver efficiently managed roads for all within the budgets available and identify opportunities for innovation, collaborative working and sharing services. The review also considered how the Scottish Government (as the Trunk Road Authority) could work better with local authorities.

The NRMR so-called “Option 30 Report” explored the optimum delivery of roads maintenance services, concluding that sharing of services should be explored by all roads authorities, with the onus on authorities to demonstrate that change could be delivered effectively and driven forward at local level.

Benefits of collaborating in the Roads Sector

The long-term objective of any collaborative activity in this sector is to improve the performance and condition of the road network for customers, by increasing capacity, resilience and efficiency through formal collaboration. Although this may lead to direct financial savings through for example reduced overhead costs and greater buying power, the primary benefits of formal collaboration are more associated with greater effectiveness, resilience and sustainability.

Transparency and accountability

Managing collaborative activity/shared service under a legitimate governance arrangement involving local Elected Members, increases the likelihood of achieving these benefits by ensuring local authorities are working to an agreed common vision for the future. It also avoids any potential legal barriers or opposition to collaborating. The Governance First mechanism allows participating local authorities to develop a strategy and approach to sharing within a legally sound and secure environment of clear accountability.

Creating a formal governing body to act as an ‘umbrella’ under which to deliver improvements ensures transparency, simplifies the processes associated with sharing and removes the complexities of putting in place a succession of legal agreements to cover further collaborative initiatives which are taken forward over time.

Governance First – concept

The concept of ‘Governance First’ is essentially the creation of a formalised governing body as the fundamental first step to developing collaborative activity/shared services, undertaken prior to the design of any operational delivery models.

The Governance First concept advocates that going forward, sharing should be seen as the default position and not one which must be demonstrated as being preferable to the status quo in lengthy business cases developed over a number of years.

By flipping the approach on its head, as it were, and setting up a governance arrangement first, prior to looking at specific areas of a service where authorities could collaborate, roads authorities could avoid common issues and barriers, benefiting from working under a formal governance ‘umbrella’ where a common vision for the service could be agreed and options for

working collaboratively could be explored and implemented.

Creating a governing body inclusive of Elected Members at the early stage has the added benefit of ensuring that Members are involved in setting the direction of the service from the outset, creating an opportunity where an authority could agree to devolve some decision-making to that body, offering significant opportunity to escalate the process of designing and implementing change.

For the past year, the Roads Collaboration Programme has been introducing the Governance First concept to all Councils in Scotland, and cluster groups of Councils, represented by senior roads officers, have been forming.

Early involvement of Elected Members

Collaborating under a formalised governing arrangement early on in the process of implementing sharing of services, allows for early engagement with Elected Members. Members can be given an opportunity to take an active role, being involved in key decisions relating to strategy and design from the very early stages, helping to shape the direction of travel and the design of any collaborative projects. This would be a clear change to current practice where Members are often only properly engaged near the end stage, where often they are asked to 'sign-off' on an already well-developed approach.

By involving Elected Members in early pivotal discussions, common Member concerns regarding how to take account of local needs and priorities can be addressed and accounted for from the outset.