

## ABERDEEN CITY COUNCIL

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COMMITTEE	Communities, Housing & Infrastructure
DATE	20 January 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Roads Collaboration Programme: Governance First Northern Project Group: Members Forum
REPORT NUMBER	CH1/15/202
CHECKLIST COMPLETED	Yes

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### 1. PURPOSE OF REPORT

The purpose of this report is to outline the work currently being carried out within the Scottish public roads 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.

Approval is sought to support the creation of the Northern Roads Collaboration Forum as a precursor to a future Joint Committee and to nominate two members of this committee to sit on the Northern Roads Collaboration Forum

### 2. RECOMMENDATION(S)

It is recommended that the Committee:-

- a) note the expectations that roads authorities will 'take forward the design and delivery of a package of shared service initiatives' (Option 30 report);
- b) Note 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;
- c) agree to participate in the Northern Roads Collaboration Forum and nominate two members of this Committee to represent the Council on the Forum;

- d) note that the first meeting of the Forum was held in the Moray Council Chambers on the 30th September 2015; the Northern Roads Collaboration Forum will meet quarterly for up to one year. A second meeting is proposed for January 2016
- e) note that the Forum is considered a precursor to forming a Joint Committee to support formal sharing/collaboration across roads services; and
- f) Agree that a full report will be submitted to a future meeting of Communities Housing and Infrastructure Committee on any proposal to form a Joint Committee.

### 3. FINANCIAL IMPLICATIONS

The fundamental financial consideration within this proposal is the requirement to provide assurances that within the governing body investment may at times be directed for the benefit of the collective service provision and for the driving forward of efficiencies, every investment benefit will be clearly focused and identifiable for the Council's own budget.

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.

### 4. OTHER IMPLICATIONS

The establishment of governance that leads to the development of a collaborative activity does not have any HR implications. The HR implications of each collaborative activity will be included in the business case work.

### 5. BACKGROUND/MAIN ISSUES

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.

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.

The National Roads Maintenance Review 2012 (Option 30) increased the expectation of collaboration and an updated audit from Audit Scotland in 2015 focused on the implementation, at Council level, of sharing and collaboration.

Scotland has an ageing population and, by extension, an ageing workforce. This is a recognised issue within the demographic of road services professionals. This, coupled with a reduced workforce 'pool' of specialised skills, and the difficulties in succession planning, means that it is essential to address workforce planning strategies now in order to provide a resilient workforce in the future. As an Operational Service we need to look at opportunities to pool resources, up-skill existing staff, encourage new people to work in the service area and this maybe easier as part of future collaborative opportunities.

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.

### **The North Governance First Group**

The North Governance First Group comprises of senior service Managers and Heads of Services responsible for roads services in their constituent authorities. They have been meeting for the past 12 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 A provides details of the strategic context to collaboration and the Governance First approach.

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

There are different degrees of participation from the authorities in these initiatives but they form a strong basis for future activity. Local authorities should have flexibility in terms of which initiatives they wish to participate in but under the current informal arrangements, if additional collaborative initiatives are to be developed, each would

require a further stand-alone legal agreement, depending on the sharing in question. This additional requirement 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.

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.

It is anticipated by the participating officers, that the approach to sharing would initially be one 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 for further collaboration whilst assisting in producing the required 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

### **Proposed Governance model**

To determine the most appropriate governance model, officers have carried out an initial options appraisal of the models available, taking into account the perceived benefits and risks associated with each. The group was 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 process followed has been endorsed by all senior Council legal officers through SOLAR

*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.

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.

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

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.

It was agreed that this 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. An Authority may remove itself from the Forum at any point and does not need to sign up for the Joint Committee.

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 on during in any process of sharing. The dilution of any quality standard or local response is unacceptable for any shared service delivery model. It is the improvement, strengthening and resilience of services which remain the key drivers.

## 6. IMPACT

### **Improving Customer Experience –**

Early customer experience will not alter due to the formation of the Joint Committee but in the longer term collaboration should be able to deliver improved services

### **Improving Staff Experience**

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 futurer collaborative initiatives which are taken forward over time.

### **Improving our use of Resources –**

Managing collaborative activity/shared services 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 reduces 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.

### **Corporate –**

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.

### **Public –**

This report will be of interest to the public and the media

## 7. MANAGEMENT OF RISK

The project has a number of risks which will be managed through the normal risk management process. In particular the committee should note the following:

- These proposals are designed to eliminate risk of sharing/collaborating which does not conform to EU procurement rules.

## 8. BACKGROUND PAPERS

[http://www.transportscotland.gov.uk/sites/default/files/documents/rrd\\_reports/uploaded\\_reports/j234326/j234326.pdf](http://www.transportscotland.gov.uk/sites/default/files/documents/rrd_reports/uploaded_reports/j234326/j234326.pdf)

## 9. REPORT AUTHOR DETAILS

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## Appendix A –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). Phase 3 of the review included the follow up 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.

The report recommended:

*“Creating a central resource, overseen by Scottish Ministers and COSLA, to take forward the design and delivery of a package of shared service initiatives.”*

*“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 their 2013 report, Audit Scotland’s recommendations included that:

*“ councils, the Convention of Scottish Local Authorities (COSLA) and SCOTS should continue to work with partners on the Roads Maintenance Strategic Action Group to produce a strategy for developing the best service and structural models to deliver roads maintenance.”*

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 Roads Collaboration Programme (RCP) Board was established in January 2014 and 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

### **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 allowing them an opportunity to take an active role 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.