
Edinburgh, Lothians, Borders & Fife Roads Collaboration Programme (ELBF proposal)

Report by Service Director Commercial Services

EXECUTIVE COMMITTEE

19 January 2016

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to seek a decision to join a Shadow Joint Committee for a proposed Edinburgh, Lothians, Borders & Fife Roads Collaboration Programme (ELBF proposal) facilitated by the Improvement Service.**
- 1.2 The recommendation follows an Executive Decision on the 15 May 2015 that Scottish Borders would not join the ELBF proposal at this time, in light of un-quantified and unproven benefits, but would maintain on-going discussions with other local authorities involved, to enable the Council to continue to assess the proposal. Joining the Shadow Joint Committee now appears to be the most appropriate way forward.
- 1.3 The background sets out the ELBF proposal in the context of the National Roads Maintenance Review. Behind both is a national agenda which promotes the sharing of roads services to reduce costs and improve efficiency.
- 1.4 As part of this agenda the ELBF proposal seeks to set up governance arrangements to look at sharing roads services in the ELBF region. The current proposal would involve the creation of a Shadow Joint Committee to explore where a common vision for roads collaboration can be agreed and; where options for working collaboratively can be explored and subsequently implemented.
- 1.5 Roads services under consideration for sharing would cover the following areas:-
 1. Asset Management
 2. Joint procurement
 3. Flood Risk management
 4. New Roads & Streetworks Act (co-ordinating roads projects)
 5. Weather Forecasting
 6. Traffic Signal Maintenance
 7. Road Safety
 8. Structures (bridges etc)
 9. Street Lighting
 10. Training
 11. Packaging of Roads Maintenance Contracts
 12. Rock Salt and Gritting

- 1.6 In joining a Shadow Joint Committee the Council would retain the right to decide the level to which it participates in any ELBF shared roads service arrangements and retain the right to decline to participate in arrangements that the Council regards are detrimental to roads services in the Borders.
- 1.7 Being part of the Joint Shadow Committee is important because it allows the Council to influence and steer the roads agenda. This would include ensuring it interfaces effectively with the Council's roads contracting operations undertaken by SBC roads services.
- 1.8 If the Council and other ELBF authorities do not constructively engage in the ELBF proposal (and other local authorities in similar initiatives across Scotland), it is likely that option D of Option 30 of the National Roads Maintenance Review would be pursued by the Scottish Government. This would involve a re-structuring of roads authorities across Scotland.
- 1.9 The recommendations in this report were considered by Administration Policy Working Group on the 1 December 2015 and the group agreed to recommend them to Executive Committee.

2 RECOMMENDATIONS

2.1 I recommend that Executive Committee agrees to :-

- (a) The creation of a Shadow Joint Committee for collaborative roads services across the Edinburgh, Lothians, Borders and Fife local authorities as set out in Appendix 1.**
- (b) The Council joining the Shadow Joint Committee**
- (c) The appointment of the portfolio holder for Roads as the Council's representative, with the Chairperson for Trading Operations (SBc Contracts) as the substitute.**

3 BACKGROUND

- 3.1 The Edinburgh, Lothians, Borders and Fife local authorities(ELBF) have an informal roads collaboration network. Each council delivers the same roads services and officers meet from time to time to share information and experience. Out of this there is some joint working and joint procurement mainly for specialist services such as weather forecasting and roads surveying.
- 3.2 The services in common across the group include:-
1. Roads repairs
 2. Rock salt and gritting
 3. Surface treatments
 4. Traffic light maintenance
 5. Road safety audits
 6. Roads surveying
 7. Weather forecasting
 8. Clarence call centre (except SBC)
 9. Flood risk management
- 3.3 The total projected spends on roads services across ELBF (revenue and capital) is around £162M for 2015/16. Of this around £112M is spent on roads maintenance and repairs which is anticipated to be contracted out to either the private sector or in-house trading operations.
- 3.4 The Improvement Service is facilitating work to build on the informal ELBF collaboration network to create a formal collaborative arrangement that would reduce costs and drive through efficiencies for all participants. This flows from Scottish Government initiatives towards shared services generally and there is huge potential to be had through the sharing of roads services across Scotland.
- 3.5 In this context there is an ongoing National Roads Maintenance Review (the Review) being taken forward in phases. The Review is being led by a Task Group comprising a former chair of SCOTS (the Society of Chief Officers of Transportation in Scotland), the Improvement Service, Messrs Halcrow/CH2M Hill (engineers) and Mssrs Pricewaterhouse Coopers (accountants) in consultation with SCOTS, COSLA, SOLACE and Transport Scotland.
- 3.6 Phase 2 of the Review was published in 2011 which identified 30 separate options to be taken forward. Of these a key option was identified as Option 30 which was to undertake work to "Explore the optimum delivery of roads maintenance services". This work was completed in 2012 and the findings were:-
1. Current roads maintenance delivery services across Scotland's 32 local authorities are unlikely to be sustainable into the future.
 2. Their needs to be standardised financial roads reporting across local authorities backed by more robust Key Performance Indicators and benchmarking.
 3. A number of options for future roads services provision were considered and the leading option is Option C, which centres on shared services. If this transpires not to bring anticipated benefits, then Option D becomes the preferred option, which centres on a structural change of roads services across Scotland.

4. The standardisation of a variety of strategies could be developed pan Scotland in the short term and progressed as a pilot.

3.7 The initiative to formalise the ELBF roads collaboration network therefore follows on from Option C of Option 30 of Phase 2 of the Review.

4 ELBF ROADS COLLABORATION PROPOSAL (ELBF PROPOSAL)

4.1 The ELBF proposal has been developed in consultation with officers from the ELBF roads services and facilitated by the Improvement Service. The aim has been to establish a platform through which various roads services can be formally considered for sharing across the ELBF region. Areas under consideration for sharing include:-

1. Asset Management
2. Joint procurement
3. Flood Risk management
4. New Roads & Streetworks Act (co-ordinating roads projects)
5. Weather Forecasting
6. Traffic Signal Maintenance
7. Road Safety
8. Structures (bridges etc)
9. Street Lighting
10. Training
11. Packaging of Roads Maintenance Contracts
12. Rock Salt and Gritting

4.2 Although improving performance and efficiency through collaboration may lead to direct financial savings through reduced overhead costs and greater buying power, the primary benefits associated with sharing are more focused on sustainability and resilience, including:

1. Sharing and intelligent deployment of staff
2. Standardisation of processes & specifications, increasing quality of service.
3. Increased capacity through the elimination of duplication and access to joint resources.
4. Improved business intelligence through shared best practice
5. Opportunity to develop future workforce planning strategies.
6. Effective use of specialist assets and joint investment planning
7. More effective procurement and better value for money.
8. Ability to scan the horizon for sharing opportunities in the wider service

4.3 The approach adopted for an ELBF arrangement is "Governance First". This means that an ELBF governing body is established first and various services are then considered for sharing, including joint procurements.

4.4 A number of models for the governance body were considered including a Joint Committee, Joint Board, Company Limited by Guarantee, Company limited by Shares and Limited Liability Partnership (LLP). Of these the LLP was originally considered as offering the most benefit and most appropriate solution for needs of the ELBF authorities.

- 4.5 The LLP approach was considered further by the ELBF local authorities during the late spring and early summer of 2015 and the collective view was reached that immediate implementation of an LLP wasn't feasible. This was mainly because there was no clarity around services to be shared, sharing arrangements, benefits and control of roads policy and resources by participating local authorities.
- 4.6 The Executive when it considered the LLP proposition on 15 May 2015 decided that Scottish Borders would not join the ELBF proposal at this time, in light of un-quantified and unproven benefits, but would maintain on-going discussions with other local authorities involved, to enable the Council to continue to assess the proposal.
- 4.7 As an intermediate step therefore, following further informal consideration in the late summer and early autumn of 2015 by officers and Elected Members from the ELBF local authorities, it has been proposed that a Shadow Joint Committee be established. The proposed terms of reference are set out in Appendix 1. The remit of the Shadow Joint Committee would be to:-
1. To explore options for the member local authorities sharing roads services and associated assets.
 2. To evaluate proposals for shared services and joint working, and make recommendations to the relevant member local authorities on the preferred collaboration model.
 3. To discuss and develop draft governance arrangements for a formal decision making joint body.
- 4.8 A shadow joint committee is not a formal body in the same way as a joint committee, and it does not have to operate in line with the rules stipulated by the Local Government (Scotland) Act 1973. It does, however, provide greater flexibility in the interim period and allows the Elected Members from the ELBF authorities to form a group, set the direction of collaboration and define the remit of a more formal arrangement.
- 4.9 Each local authority would provide 1 Elected Member together with a substitute and the Chair would rotate on an annual basis. Appropriate council officers would attend to support meetings and the Shadow Joint Committee would meet a minimum of 4 times per year.
- 4.10 Being part of the Joint Shadow Committee is important because it allows the Council to influence and steer the ELBF roads agenda. This would include ensuring it interfaces effectively with the Council's roads contracting operations undertaken by SBC roads services.

5 WAY FORWARD AND PROPOSAL

- 5.1 In light of the above it is proposed that the Council agrees to the creation of a Shadow Joint Committee for collaborative roads services as set out in Appendix 1 and opts to join it.
- 5.2 It is proposed that the portfolio holder for Roads is the Shadow Joint Committee representative for Scottish Borders Council and the Chairperson for Trading Operations (SBC Contracts) is the substitute.

6 IMPLICATIONS

6.1 Financial

There are no immediate financial implications arising from this report. The ELBF proposal potentially offers the prospect of enabling SBC contracts to participate in more contracting opportunities provided the interface between SBC Contracts and ELBF is set up appropriately. The proposals in a separate report on the Council's roads services would enable work to continue to ensure SBC roads services are compatible with the ELBF arrangement.

6.2 Risks and Mitigations

If the Council and other ELBF authorities do not constructively engage in the ELBF proposal (and other local authorities in similar initiatives across Scotland), it is likely that option D of Option 30 of the National Roads Maintenance Review would be pursued by the Scottish Government. This would involve a re-structuring of roads authorities across Scotland possibly through combining Transport Scotland's trunk roads regions with local authorities. This risk is mitigated as much as reasonably possible by the Council engaging constructively with the ELBF proposal and joining should the right conditions prevail for the Council.

6.3 Equalities

An Equalities Impact Assessment has been carried out on this proposal and it is anticipated that there are no adverse equality implications.

6.4 Acting Sustainably

The sharing of roads services across the ELBF region offers the prospect of making better use of roads resources.

6.5 Carbon Management

There are unlikely to be material effects on carbon emissions as a result of the proposals in this report.

6.6 Rural Proofing

In negotiating to be part of the ELBF proposal care needs to be taken to ensure that the capacity of roads services in the Borders is maintained.

6.7 Changes to Scheme of Administration or Scheme of Delegation

No changes which are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

7 CONSULTATION

7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments incorporated in this report.

Approved by

Andrew Drummond-Hunt
Service Director Commercial Services Signature

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Background Papers: None
Previous Minute Reference: None

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Shadow Joint Committee – Roads Services – Edinburgh, Lothians, Borders and Fife Local Authorities

1. Membership:

Each local authority will provide one elected member.

2. Chair:

The Chair will rotate between the local authorities on an annual basis.

3. Substitutes:

Each local authority will also name an elected member who will be able to act as a substitute for their substantive member.

4. Officers

Officers will normally attend to support meetings.

5. Remit

4. To explore options for the member local authorities sharing roads services and associated assets.

5. To evaluate proposals for shared services and joint working, and make recommendations to the relevant member local authorities on the preferred collaboration model.

6. To discuss and develop draft governance arrangements for a formal decision making joint body.

6. Code of Conduct

The Councillors' Code of Conduct relating to private information would apply.

7. Meeting (and papers):

The Shadow Joint Committee will meet a minimum of four times per year, with papers circulated fourteen days in advance of meetings.