SHARED SERVICES JOINT COMMITTEE

| East Dunbartonshire Council | Inverclyde Council | West Dunbartonshire Council |
|-----------------------------|--------------------|-----------------------------|

A meeting of the Shared Services Joint Committee will be held within **Tom Johnston Chamber**, **12 Strathkelvin Place**, **Kirkintilloch**, on Friday, **24 March 2017 at 2.009m** to consider the undernoted business.

(Sgd) KAREN DONNELLY Clerk to Shared Services Committee

12 Strathkelvin Place KIRKINTILLOCH G66 1TJ

Tel: 0141 578 8021

Date: 17 March 2017

AGENDA

| Contact No. | Item No. | Description | Page Nos. |
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| | 1 | Sederunt and Apologies | |
| 0141 578 8251 | 2 | Minute of Shared Services Joint Committee – 16 December 2016 (Copy herewith) | 1 - 2 |
| 0141 578 8525 | 3 | Draft Strategic Business Case – Report by Depute Chief Executive – Place, Neighbourhood & Corporate Assets – East Dunbartonshire. (Copy herewith) | 3 - 24 |
| am.wilson@west- dunbarton.gov.uk | 4 | Joint Trades Union Consultation and Engagement - Report by Strategic Director – West Dunbartonshire. (Copy herewith). | 25 - 27 |

Minutes of SHARED SERVICES JOINT COMMITTEE Meeting held within the Tom Johnston Chamber, 12 Strathkelvin Place, Kirkintilloch on Thursday, 16 December 2016.

Present: COUNCILLORS AGNEW, CLOCHERTY, GEEKIE, HENDRIE, LOW,

MACKAY, McBRIDE, McCORMICK, McELENY, McGLINCHEY and

SHEPHERD

In attendance:

G. Cornes EDC Chief Executive

T. Glen EDC Dep Chief Executive – Place, Neighbourhood & Corporate

Assets

K. Donnelly EDC Chief Solicitor & Monitoring Officer / Clerk SSJC

A. Fawcett IC Chief Executive

R. Graham IC Head of Neighbourhood & Infrastructure

A. Wilson WDC Strategic Director

C. AndersonR. DinnieWDC SolicitorWDC Strategic Lead

M. Cunningham Corporate Governance Manager

| No. | Topic | Action by |
|-----|--|--------------|
| 1. | Welcome, Apologies & Clerk's Remarks | |
| | The Clerk welcomed all to the inaugural meeting and intimated apologies on behalf of Councillor Hendry from East Dunbartonshire Council. Referring to the signed Minute of Agreement, the Clerk intimated that Councillor Geekie (EDC) would Chair these meetings for the first 2 years; Councillor McBride (WDC) was appointed as Vice Chair. Thereafter Councillor Geekie took the Chair for the remainder of the meeting. | |
| 2. | Appointment of Office Bearers | |
| | As intimated above the SSJC appointed Councillor Geekie as Chair and Councillor as Vice Chair of the Shared Services Joint Committee. Karen Donnelly was appointed as Clerk to SSJC and East Dunbartonshire as the Secretariat Authority 2016 – 2018. Councillor Geekie took the Chair for the remainder of the meeting. | |
| 3. | Adoption of Standing Orders | |
| | The SSJC considered the proposed Standing Orders which were based on the City Deal model, and in the ensuing discussion - clarified that cross authority support for motions was the correct interpretation of the proposed standing orders; the timescales for motion and written questions were as prescribed in the City Deal model Standing Orders – members were not otherwise minded no casting vote – in the interest of the collegiate spirit / approach as outlined in the Minute of Agreement. Members were not otherwise minded to adjust this standing order and noted that should a tied vote occur, depending on the circumstances, the business item would fall with no action taken and should it be revisited it would be considered as new business. Should that be within 6 months then Standing Orders would require suspension (SO 16 refers). Standing Order 8g) wording would be amended to reflect that Members may only vote on Shared Services business in which their authority is participating. | |
| | Thereafter the SSJC approved and adopted the Standing Orders governing the operation of the SSJC meetings. | |

| 4. | Minute of Agreement | |
|----|--|--|
| | The SSJC noted the terms of the Minute of Agreement which had been | |
| | signed and approved by each constituent Council. | |
| _ | Overland Markings 2040 2040 | |
| 5. | Cycle of Meetings 2016 - 2018 | |
| | The SSJC considered a schedule of meetings. It was agreed that the next meeting would be held Feb / March 2017. | |
| 6. | Chief Officers Group | |
| | The SSJC noted the report and agreed that updates would be provided from the CEO and Lead Officers Groups on a regular basis. | |
| 7. | Joint Trades Union Consultation & Engagement | |
| | The SSJC noted the discussions to date and the mechanisms in place for each constituent Council to liaise with the Trades Unions. | |
| | The SSJC agreed that Joint Trade Union Consultation & Engagement would be a standing item on the SSJC agenda. Furthermore the SSJC agreed that regular, consistent, joint updates would be agreed by the constituent authorities who would then arrange to disseminate across their respective workforces. | |
| 8. | AOCB | |
| | None | |
| | | |
| 9. | Date of Next Meeting | |
| | Feb / March2017. | |
| | The secretariat will contact each constituent authority to ascertain the optimum date for members. | |
| | | |

SHARED SERVICES JOINT

COMMITTEE

23rd March 2017

SSJC/001/17/TG All Member Councils

CONTACT OFFICER: Thomas Glen, Depute Chief Executive, Place,

Neighbourhood and Corporate Assets,

East Dunbartonshire Council, Tel: 0141 578 8525

SUBJECT TITLE: Draft Strategic Business Case

1.0 PURPOSE

1.1 The purpose of this report is to:

- A) Advise the Shared Services Joint Committee of the progress made by officers and Trades Union colleagues in developing a Draft Strategic Business Case (SBC) for the sharing of roads and transportation services; and
- B) To seek approval for the implementation of the Strategic Business Case, including the appointment of a Change Lead to be hosted by West Dunbartonshire Council

2.0 **SUMMARY**

- 2.1 Officers and Trades Union colleagues have been since the autumn of 2016 to discuss the development of a Shared Services model for Roads and Transportation Service across the three member authorities.
- 2.2 Progress on these discussions was reported to the first committee of the Shared Services Joint Committee in December 2016.
- 2.3 Since December officers have been further developing a Strategic Business Case for the sharing of roads and transportation services (draft attached) and have continued to engage with colleagues from the Trade Unions on its development.
- 2.4 The Strategic Business Case is built around a number of key themes, these being:
 - Strategic Context
 - Purpose and Scope
 - Key Principles
 - Operating Model and Governance
 - Collective Service Overview
 - Benefits of Collaboration
 - Engagement and Communication

- Timetable for progress
- Risks
- Conclusions and Recommendations
- 2.5 The SBC sets out the broad principles for moving towards a model of sharing services and proposes the introduction of a new Change Lead post, to be hosted by one of the partner authorities, in this case West Dunbartonshire Council, to work with officers and Trades Union colleagues to move to developing and implementing a Detailed Business Plan over 2017-18 for the sharing of roads and transportation services where there is an operational, service and financial justification for so doing.
- 2.6 The business case also sets out a range of other benefits, including increasing resilience and the sharing of expertise across the partner authorities.
- 2.7 Members are asked to note the work to date in the development of the SBC and to support the proposal to appoint a new Change Lead and move the development and implementation of a further Detailed Business Case which will be brought back to Joint Committee, together with any proposed changes in delivery, service and financial implications for Member approval.

3.0 **RECOMMENDATIONS**

- **3.1** It is recommended that the Joint Committee:
 - a) Notes the contents of this report and work to date in developing the attached Strategic Business Case;
 - b) Remits officers to finalise the details of the business case and move to implementation including the recruitment of a Change Lead; and
 - c) Notes that officers will continue to work with Trades Union colleagues to implement the plan and provide further reports to future meetings of the Joint Committee and the three individual member Councils

Thomas Glen Depute Chief Executive, Place, Neighbourhood and Corporate Assets East Dunbartonshire Council

4.0 IMPLICATIONS

- **4.1 General:** Failure to have effective consultation and engagement processes with Joint Trades Unions, would have significant implications for the successful implementation of the project.
- **4.2 All Authorities:** Implementation of the SBC requires the financial commitment to the appointment of a Change Lead at a cost of up to £100k for 2017-18 to be shared equally across the three authorities, these costs have been factored within individual Council budgetary processes.
- **4.3 East Dunbartonshire Council:** no other implications as a result of this report.
- **4.4 Inverclyde Council:** no other implications as a result of this report.
- **4.5 West Dunbartonshire Council:** no other implications as a result of this report.







Inverclyde Council, East Dunbartonshire Council and West Dunbartonshire Council

Roads Authorities Shared Service

Strategic Business Case

February 2017

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APPENDIX 1 Initial collaborative activity areas

1.0 INTRODUCTION

- 1.1 This Strategic Business Case explores the ambition for the case for change to bring together the roads services of Inverclyde, East Dunbartonshire and West Dunbartonshire Councils (IEDWDC) and seeks to initiate active consideration of the more efficient and resilient future delivery of roads services for the three Councils. This is set within the wider context of the national roads maintenance review (published in July 2012) which recommended the adoption of shared services, and ongoing scrutiny from Audit Scotland. Further, it is also set within the context of potential shared service aspirations by all three Councils, which extend beyond roads and transportation whether as part of the same model or otherwise.
- 1.3 In the proposed partnership area, the three Councils are responsible for the network management of some 1243km of carriageway, 1934km of footway, 46839 street lights, and 44641 road gullies. There are some 206 staff employed across the three authorities at a cost of £7.9m annually. The combined gross revenue expenditure in 2015/16 was some £21.6m and in the same period, the capital spend was £27m. Based on the 2015-16 figures the potential turnover of a combined service would be around £48m per year.
- 1.4 For many years, the revenue budgets available to each roads authority have been reducing, typically by some 15% in the last 5 years. It is expected that this will continue for the next 3 to 5 years. The impact of this has been smoothed to some degree by each of the authorities through the use of capital funding.
- 1.5 Officers from the three Councils, supported by the Improvement Service have assessed potential options for more effective future delivery of road services. The key driver for this is being able to continue to provide high quality local service for customers, enabled by increasing the capacity and resilience of individual authorities through partnership, 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.
- 1.6 In the development of this strategic business case and its recommendations, officers have reviewed the collated baseline data, available and forecast budgets, staff structures, existing resources, current specialist roles and gaps, programmes for future investment, and the existing balance of internal and external contracts, based on this work and where economical, viable and internal service provision remains the preferred delivery option and where necessary supplemented by use of external support to address issues of capacity, short term demands and availability of specialist services and support.
- 1.7 Evidence from across Scotland by the Improvement Service has shown that there is a clear opportunity to develop shared service proposals in operational areas such as roads, fleet, grounds maintenance etc. for the benefit of all of the participating Councils, their communities and stakeholders.
- 1.8 This strategic business case gives clear recommendations on the basis that there are service benefits in the proposed collaboration of roads and transportation services and potential scope to extend this to include other service areas in the future, should there be an appetite from each of the Councils.

- 1.9 The main benefits offered by a shared service approach are considered to be :
 - Improved value for money for each partner authority
 - Opportunities to deliver services in house
 - Improvement in service and strategic planning
 - Greater resilience through sharing expertise and resources at all levels
 - Improved service quality through sharing best practice and establishing best in class service standards
 - Improved consistency through removing potential duplication and reinvesting the resource 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 due to the increased scale of the new service
- 1.10 The service delivery options considered by officers and available for consideration by each Council and the Joint Committee are noted below:
 - Status Quo
 - Service delivery through increased co-operation
 - Strategic delivery model (Strategic core with local delivery)
 - Lead Authority Model
 - Creation of a wholly owned ALEO/entity
 - Privatisation (External Delivery e.g. Trunk Road operating contract)
 - IEDWD Client / Contractor (Tayside Contracts model)
 - Partnering with private sector (e.g. North Lanarkshire model)
 - Full road service integrated with other service areas (potential long term ambition)
 - Full IEDWD Roads Service –(preferred short term ambition)
- 1.11 Notwithstanding the above, the differing policy positions of each of the three Councils means that the options considered by officers and consistent with the respective positions of each authority and the most suitable for detailed assessment at this time is the full IEDWD Roads Service, as it offers the only opportunity at this time, to benefit from the cashable and non-cashable benefits of working together.
- 1.12 This should be the start of wider opportunities in operational services, and the model being considered is being monitored by other Councils as a potential exemplar to inform the development of shared services in other areas.

2.0 STRATEGIC CONTEXT – We are at the forefront across Scotland

- 2.1 The three unitary roads authorities in Inverclyde, East Dunbartonshire and West Dunbartonshire were part of a single authority prior to 1996 local government reorganisation, being part of Strathclyde Regional Council. Since 1996, the three council roads authorities have developed their own management and operational arrangements, policies, processes and procedures. However they have continued to work together across geographical boundaries, in parts of the service, demonstrating a well- established culture of collaboration that has been embedded for many years.
- 2.2 Increasing collaboration and development of shared services are key requirements of the 2012 National Roads Maintenance Review (NRMR), to address in part the financial challenges facing local authorities and to improve service efficiency and provide future resilience of service. Option 30 of the Review explored the optimum delivery of roads maintenance services and concluded that improvement on current arrangements can be achieved and that the sharing of services should be explored by all roads authorities in the short term. It also recommended that national structural change could be considered in future if the anticipated benefits of shared services are not sufficiently realised.
- 2.3 In 2016, Audit Scotland updated its previous reviews of road maintenance in Scotland and has 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 are required to report back to the Strategic Action Group in December 2017, to demonstrate progress with collaboration. This group is responsible for the delivery of the national roads maintenance review, chaired by the Transport Minister/COSLA and company representatives from SCOTS, COSLA, Solace, Transport Scotland, RCP, Roads Stakeholder Group.
- 2.4 A number of roads authorities are now developing collaborative arrangements with neighbouring Councils, and this partnership between Inverclyde, East Dunbartonshire and West Dunbartonshire Councils is one of 7 groupings of roads authorities currently considering collaboration across Scotland. The current status of this shared service, including the establishment of a Joint Committee one of the most advanced in Scotland. These groupings are all at various stages of development ranging from the Northern Roads Collaboration Forum who are currently changing from a shadow Joint Committee into a formal Joint Committee, to the more local Clyde Valley Roads Alliance who are at the early stages of exploring opportunities to utilise the existing governance of the City Deal Partnership to legitimise and oversee collaboration.
- 2.5 The approach being taken here is consistent with the wider national local government reform, with change and transformation being developed and led locally, with teams working collaboratively across boundaries to ensure that services are shaped around the needs and demands of communities.
- 2.6 Membership of these regional groupings is not exclusive and Councils are able to participate in multiple groups to best suit their local needs and priorities. So there is no issue of the IEDWDC councils remaining part of the Clyde Valley Roads Alliance. (linked to the Glasgow City Region) In fact the terms of the Joint Committee Minute of Agreement give scope for extending the proposed IEDWDC partnership at a later stage to involve other local authorities.
- 2.7 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 is shortly going to publish the national Workforce Implementation Plan which will seek to resolve the many workforce-related challenges within the Scottish roads service. Assistance from the RCP has been provided in the development of this Strategic Business Case.

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- 2.8 This proposed shared service satisfies the requirements and direction of travel for the national priorities and the expectation of Audit Scotland, along with the local need for robust asset investment planning, in a coherent way. It will meet the following strategic aims:
 - Value for money: that 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 Single Outcome Agreements and Corporate Plans; and
 - Alignment with the Audit Scotland's ongoing reporting on "Maintaining Scotland's Roads" and resultant Roads Collaboration Programme.
- 2.9 The three Councils are all part of the Glasgow City Deal governance arrangements and actively involved in the associated transport and connectivity portfolio group, as well as being actively involved in looking at the development of wider City Region working, including the recent launch of a Regional Economic Strategy. Initial consideration of linking roads collaboration into this higher level partnership has not been progressed following initial discussion between Chief Executives in July 2016 however officers continue to discuss opportunities across the region.
- 2.10 It should also be recognised that the three partner authorities are also members of, and provide funding to, Strathclyde Partnership for Transport (SPT), which has clearly defined statutory powers and responsibilities. SPT also provides a number of shared activities for example school transport, bus shelter maintenance, cycle schemes, regional transport planning, subsidised bus contract management etc. An element of review to consider what could be done in partnership with SPT requires to be carried out. The role of SPT is also likely to form part of the ongoing wider City Region discussions to support economic growth across the region.

3.0 PURPOSE AND SCOPE

Purpose

- 3.1 The purpose of this Strategic Business Case (SBC) is to provide each partner Council with adequate information, context, rationale and recommendations in order to make informed decisions around the future delivery of the Road service within the three Council areas. This will focus on the identification of early opportunities, development of improved resilience (particularly in relation to single or stand alone posts) and shared capacity across the three Councils, and a review of the functional operation in order to deliver services more effectively and efficiently. Consideration of these issues will inform the most appropriate operating/delivery model. In addition, the scope will continue to look beyond the Roads services of each of the Councils by considering what a "wider" shared service might look like and whether greater benefits could be realised by widening the scope beyond Roads to other operational services.
- 3.2 The success criteria for this strategic business case will be that adequate information and context has been provided to allow the project to gain Elected Member approval by each authority to take forward the shared service proposal. To facilitate this the SBC advocates the appointment of a Change Lead to develop the Detailed Business Plan and provide the necessary drive to take the services into an implementation stage. Further, success will be measured against the following criteria
 - Increased resilience within each Council;
 - Increased capacity within each Council to deliver full range of functions;
 - Efficient, effective and optimised service delivery;
 - A fit for purpose operating model which supports the above criteria; and
 - Exploring and identifying opportunities for further sharing of services

Scope

- 3.3 The scope of this SBC will only be the roads service of each of the authorities, with this then being used as proof of concept for potential wider service sharing. However it is recognised by all parties that the work of the proposed Change Lead and the detailed business plan may include options and recommendations to extend the scope of the shared services beyond the Roads Service where this makes operational sense and will deliver greater financial and wider benefits.
- 3.4 Currently, each of the Councils Roads Services delivers the following functions:

Core functions

- Traffic and Transportation
- Flooding and coastal protection (strategic)
- Road Safety
- Structures & Design
- Development Control (policy, planning etc.)
- Parking (policy, traffic orders etc.)
- Asset Management (strategic)
- Roadworks Co-ordination
- Policy and Performance
- Finance and Support
- Street lighting (Maintenance & Strategy)

Operational functions

- Asset Management (Operational)
- Cyclic Maintenance
- Winter & other civil Emergency Provision
- Inspections (Internal and External)
- Development Control (Operational)
- Parking (Operational)
- Finance and Support (for each Operational Unit)
- Flood Risk Management (Operational)
- Coastal Protection and harbours (Operational)
- 3.5 It is assumed that key operating procedures would be reviewed and where there are benefits, standardised and agreed in partnership, and approved through the established governance process. Each local authority would be required to implement the agreed standardised operating procedures and consider any necessary implications for corporate support arrangements.

4.0 KEY PRINCIPLES

- 4.1 The key principles which underpin this proposal are outlined in this section. The starting point in assessing the opportunities to share services has been the existing position of the respective authorities. Each of these services are seen both within their Councils and externally as providing good services which are responsive to stakeholders and accountable at the local level. It remains the ambition, as a key principle, that the in-house service provision will remain the preferred option. These crucial elements require to be maintained and, preferably improved in any process of sharing the lessening of any quality standard or local response will be unacceptable.
- 4.2 In terms of defined budgets and financial planning, Councils are keenly aware of their own spending pressures and priorities for the next few years, and recognise that these vary across the partnership. The fundamental financial principle within this SBC is the assurance to each Council that although budgets would be jointly managed for the benefit of service provision and for achieving efficiencies, each attributable budget can be clearly focused and identifiable for each Council's own area of spend. In this way, all Council budgets can be kept intact and directed for spend and investment within each respective Council area based on local accountability. In addition, savings will be attributed appropriately to each authority.
- 4.3 Each Council will maintain its own discretion and decision-making powers to prioritise and to choose investments from their available budgets in their own areas, and their budgets must remain clearly and accountably intact for local spend and local direction and benefit. This is particularly important in the early years during the current and forecasted financial pressures.
- 4.4 With regard to accountability and governance, each of the Councils will benefit from standardising operational specifications and procedures so that consistent service benefits can be developed and efficiencies delivered.
- 4.5 The approach being taken proposes a model for the continued sound governance for each participating Council, to ensure effective review of performance and direction, operational flexibility and budgetary accountability.
- 4.6 A shared service would deliver on the recommendations of the national Workforce Implementation Plan, and would optimise the use of the combined skills and knowledge of employees (including colocated employees as appropriate). It will offer increased training and development opportunities for existing staff with greater job security in a much more sustainable and resilient roads service within local government. It will result in both economies of scale and economies of skill, and it is expected that opportunities will be created to recruit more people particularly supporting the work-based learning initiatives such as modern and graduate apprenticeships. Discussions with Trade Union colleagues has seen a shared commitment from the trade unions and management to look at how a shared service model can support our existing workforces and create opportunities for the new employment and training opportunities across our three organisations. This will go in some way to address the demographics of the workforce thus future proofing the service to include development opportunities and gender balance.
- 4.7 In addition, it will secure best value in the use of public money to deliver public services to the local communities served by each of the three Councils. An opportunity to provide best value would be the delivery of services to external organisations such as the Trunk Road management companies.

5.0 OPERATING MODEL AND GOVERNANCE

- 5.1 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 direction and scrutiny.
- 5.2 At this stage it is not envisaged that any proposed Roads Shared Service will constitute a collaborative management arrangement and so will not result in nor otherwise trigger TUPE. No changes to staff terms and conditions are necessary to implement the development of this proposal.
- 5.3 Options that relate to the operation of a shared service have been assessed and officers have concluded that, given that the status quo is not an option. The option of the creation of a shared road service for all three Councils is the agreed approach. This would see the development of a detailed business plan, through the appointment of a Change Lead, supported by officers from all three Councils to explore opportunities for combining operational, technical & service support functions of the Roads Service. This would result in detailed proposals being considered under the existing Joint Committee governance structure as well as by each individual authority for final approval. The timing and detail of any opportunities for sharing, across individual functions or whole services will be based on the development of individual detailed business cases.
- 5.4 Recognising the time required to introduce such a transformational proposal, this should be developed into a detailed Business Plan using the expertise of a Change Lead. This Change Lead should be appointed on a fixed term contract by one of the Council's as employing Council, with costs equally shared by the three Councils, and should be responsible for the development work required to create a detailed Business Plan for the new service and model, within agreed timescales, whilst at the same time, identifying individual collaborative opportunities which could be quickly introduced and assessing the benefits or otherwise of widening the scope of the share service beyond Roads. Following discussions by Chief Executives from all three authorities it is proposed that West Dunbartonshire manage the appointment of the Change Lead, with all three partners involved in the recruitment, and thereafter hosts this post. The post would initially be appointed for a period of one year, with any potential extension linked to the development of the business cases for future delivery models.

6.0 COLLECTIVE SERVICE OVERVIEW

6.1 This section aims to illustrate the current size and design of each roads service and the collective size of the resources and assets under review. The tables below provide an overview of the key facts and figures regarding the individual and combined authorities.

| Table 1 – Summ | | | | |
|----------------|--------------|----------------|----------------|-------------|
| | Inverclyde | East | West | Combined |
| | | Dunbartonshire | Dunbartonshire | |
| Road length | | | | |
| (km) | 367 | 504 | 372 | 1243 |
| | | | | |
| No. of FTEs | 51 | 99 * | 56 | 206 |
| | 31 | 33 | 30 | 200 |
| 2015/16 total | | | | |
| capital and | £ 14,424,000 | £16,759,000 | £17,383,000 | £48,566,000 |
| revenue spend | | | | |

^{*}EDC utilise an in-house delivery model and provide in-house professional operational services in support of the delivery of their Council's wider capital programme and as such show a significantly higher internal head count. Officers are currently analysing the data across all three Councils regards external and internal work delivery.

Table 2 below shows the main assets of the individual and combined roads authorities, giving an indication of the potential combined size of a shared service:

| Table 2 – Roads asset inventory | | | | | |
|---|------------|------------------------|------------------------|--------|--|
| | Inverclyde | East Dunbartonshire | West Dunbartonshire | Total | |
| Council Managed Road Length Total (Km) | 367 | 504 | 372 | 1243 | |
| Breakdown: | | | | | |
| A Class (km) | 24 | 54 | 55 | 133 | |
| B Class (km) | 23 | 47 | 9 | 79 | |
| C class (km) | 54 | 34 | 27 | 115 | |
| Unclassified (km) | 267 | 369 | 280 | 916 | |
| Footways/Footpaths (km) | 445 | 811 | 678 | 1934 | |
| Cycleways (km) | 19 | 1 | 14 | 34 | |
| Road Gullies (no) | 10,398 | 19,319 | 14,924 | 44,641 | |
| Street lighting columns (no) | 12,587 | 18,185 | 16,067 | 46,839 | |

Table 3 provides a summary of the staff numbers currently involved in delivering roads and transportation services and in scope for the sharing of services. These are the staff that will be considered in the next stage as individual elements of service are reviewed.

| Table 3 – Staff numbers | | | | | |
|-------------------------|------------|----------------|----------------|--------|--|
| FTE | Inverclyde | East | West | Total | |
| | | Dunbartonshire | Dunbartonshire | | |
| Chief officer | 0.19 | 0 | 0.15 | 0.34 | |
| Manager | 1 | 1 | 1 | 3 | |
| Technical, admin and | 25.21 | 41 | 28.5 | 94.71 | |
| professional | | | | | |
| Operatives | 23 | 57 | 27 | 107 | |
| Total | 49.4 | 99 | 56.65 | 205.05 | |

Tables 4 and 5 below show the integrated revenue and capital spend/budgets for recent years. Revenue is relatively consistent between Council, whilst Capital investment varies between Councils and is generally decreasing.

As an indication, based on the above a 1% reduction in the revenue budget would release around £200,000 per annum. However it should be noted that there would not be an equitable split, and the actual balance and benefits for the respective Councils would depend on the savings opportunities taken by partners in recent years.

There can be no revenue savings provided through reduction in capital investment, though opportunities for maximising the appropriate use of capitalisation will be explored as well as providing enhanced buying power and scale could bring financial benefits.

These figures will form the basis of the analysis in the Business Plan.

| Table 4 - Integrated Revenue Budgets | | | | | |
|--------------------------------------|---------|---------|---------|----------|--|
| | 2015/16 | 2016/17 | 2017/18 | Total | |
| | Actual | Budget | Budget | 2015-18 | |
| | £m | £m | £m | £m | |
| Employee Costs | 7.761 | 7.936 | 7.902 | 23.599 | |
| Property | 0.665 | 0.812 | 0.800 | 2.277 | |
| Supplies & Services | 5.100 | 5.075 | 4.829 | 15.004 | |
| Payment to Contractors | 4.550 | 3.205 | 3.342 | 11.097 | |
| Transport | 2.291 | 3.140 | 3.140 | 8.571 | |
| Administration | 0.625 | 0.819 | 0.801 | 2.245 | |
| Winter maintenance | 0.273 | 0.342 | 0.342 | 0.957 | |
| Other Expenditure | 0.305 | 0.074 | 0.065 | 0.444 | |
| Gross Expenditure | 21.570 | 21.403 | 21.221 | 64.194 | |
| Income | (7.179) | (5.615) | (5.577) | (18.371) | |
| Net Expenditure | 14.391 | 15.788 | 15.644 | 45.823 | |

| Table 5 - Integrated Capital Budgets | | | | | |
|--------------------------------------|---------|---------|---------|---------------|--|
| | 2015/16 | 2016/17 | 2017/18 | Total Capital | |
| | Actual | Budget | Budget | 2015-18 | |
| | £m | £m | £m | £m | |
| General Capital | 2.128 | 2.123 | 0.942 | 5.193 | |
| Flooding | 2.177 | 3.003 | 2.801 | 7.981 | |
| Street Lighting | 7.227 | 4.041 | 1.653 | 12.921 | |
| Roads | 13.109 | 14.205 | 10.505 | 37.819 | |
| Footways | 0.716 | 0.668 | 0.890 | 2.274 | |
| Bridges/Structures | 1.212 | 0.797 | 1.121 | 3.130 | |
| Cycling, Walking, Safer Streets | 0.427 | 0.313 | 0.076 | 0.816 | |
| Total | 26.996 | 25.150 | 17.988 | 70.134 | |

- 6.2 Currently, possible duplication occurs within resources deployed across the three Councils, particularly with regard to management and support systems, property and technical staff and as a result of the separate operational policies. However, gaps also exist in specialist functions and resources across the three partner Councils, with single points of failure now becoming evident as staff structures are slimmed-down. There are specialist roads services and assets owned by one authority that could be utilised by other authorities to the service advantage of the partner Councils, and giving potential to share resource deployment and costs.
- 6.3 The opportunities that exist for developing and pooling resources, staff, plant and equipment, for a full range of specialist services could be significant and require further investigation at the next stage. There is potential to not only increase service resilience and deliver a more effective investment and use of resources.
- 6.4 One result of successive ongoing reductions in Councils' infrastructure investment is the loss of considerable in-house expertise through repeated downsizing and loss of experienced staff. Workforce demographics suggest that the existing staff group is ageing with an average age of around 50 and very few young people.

- 6.5 The corporate portfolios of senior officers with relevant knowledge and previous dedicated roads functions has been greatly increased where they are now managing a much wider range of services and have necessarily become generalists. In recent years aspects of both commercial and operational expertise have been significantly reduced.
- 6.6 All three Councils have been allocated varying amounts and forms of funding for many years and have developed individual improvement plans based on their asset management plans. In 2015, approximately 34% to 43% of roads within the three Councils were classed as being in either amber or red condition in the national SCOTS road condition survey programme. This highlights the common need for investment in the roads, as well as identifying the need to optimise the effective use of scarce resources and to improve the capacity of staff and the skills mix needed to carry out the necessary programmes of work that lie ahead, whilst still meeting statutory needs.

7.0 BENEFITS OF COLLABORATION

Financial Benefits

- 7.1 Initial high level financial information has been collected at this stage. More detailed costs in relation to each sub service and groups of assets will be collated and quantified at the next stage. This will allow more detailed potential cost benefits to be evaluated and form the basis of any future business case.
- 7.2 Where appropriate new management structures would require to be considered, developed and implement and take forward a shared service approach or consider elements of functional delivery and management, this will require being innovative in the delivery of road services within Scotland. It is therefore critical that staff have appropriate qualifications, technical expertise and experience, as well as managerial skills continue to be deployed to ensure the quality of the operational roads service and functions. The appropriate levels to ensure the implementation and delivery of the shared service are essential to deliver an effective service. Notwithstanding, it is anticipated that there is the potential for reduced nett management and support costs associated with the proposed new service.
- 7.3 It would be reasonable to assume that cost savings could be realised through:
 - Adoption of best practice in working practices across the partnering organisations;
 - Lower accommodation costs by optimising property and fleet assets, in line with corporate accommodation and fleet management strategies;
 - Fewer management overheads and more streamlined reporting procedures;
 - ICT and technological streamlining;
 - Collaborative cost savings through increased purchasing power and aggregated demand;
 and
 - Wider review of operational services and extended integration
- 7.4 By way of indication, a 1% saving taken from revenue could release some £200,000. More detailed levels of efficiency and indicative savings will be determined over the next year. Meanwhile, partners will continue where possible to deliver a wide range of efficiencies throughout 2017.
- 7.5 There will be associated costs in implementing a shared service delivery, such as;
 - Appointment of Shared Services Change Lead with internal business support from the partner authorities;
 - Potential integration of systems;
 - Setting up new processes and procedures; and
 - HR-related costs

These will be explored further in the detailed Business Plan and set out in any proposals presented to the Joint Committee and individual Councils.

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Non-financial Benefits

- 7.6 The development of shared service could also deliver a number of non-financial benefits and it is important to note these to ensure opportunities are not missed to further improve delivery of the service. Areas of non financial benefits identified in this case could include:
 - Sharing of expertise and better utilisation of staff skills across the 3 authorities;
 - Reduced risk of single point of failure;
 - Collaboratively developing best practice and leaner processes, removing duplication and allowing for easier automation where appropriate;
 - Build capacity through reinvestment of identified duplication;
 - Standardisation of delivery of service leading to improved customer service and communications;
 - Increased robustness and resilience;
 - Improved management information to improve decision-making and business development; and
 - Improved utilisation of support services and focus on performance management

8.0 ENGAGEMENT AND COMMUNICATION

- 8.1 An integral part of the Roads shared services project to date and going forward, is employee engagement, initially via the early involvement of the Joint Trade Unions and internal communication and briefing systems within each of the individual Councils. Prior to the approval for the establishment of the Joint Committee for Shared Services, Trades Unions were engaged in discussions with officers from the three Councils, at a local level within each of the three councils. Following Council meetings in June 2016, when each of the three Councils agreed to set up the Shared Services Joint Committee, a group was established consisting of the Joint Trades Unions and Council Officers leading the project from each of the three councils.
- 8.2 This Council Officers / Joint Trade Union group is responsible for:
 - Engagement and consultation on options for shared services;
 - Proactive communication across the workforce; and
 - Reporting to the Shared Services Joint Committee
- 8.3 This group provide an ongoing effective mechanism for consultation and engagement, in addition to any communication, engagement and negotiation at a local level with branch trade union representatives. The trade unions represented are Unison, Unite and GMB. The group has met on three occasions to date, 21 September, 14 December 2016 and on 8th February 2017, with discussion on the initial data analysis, consideration of models for service development and review of this Strategic Business Case.
- 8.4 At the first meeting of the Joint Committee and each subsequent meeting Elected Members will be advised of the progress of consultation and engagement with the Trade Unions.
- 8.5 Employees will be provided through their individual Councils, with regular updates and opportunities to contribute to the planning and implementation process. Regular briefings will be prepared for staff across all three Councils and face-to-face meetings held with senior managers at key points.
- 8.6 A draft communications strategy has been developed and this would be finalised and agreed at the next stage of the project, including the impact (if any) on employees and stakeholders, with these discussed in advance with Trade Union colleagues. It is recognised that the communications strategy will evolve as the proposals for the shared service are developed and progressed towards implementation.

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9.0 **TIMETABLE FOR PROGRESS**

- The proposed appointment of a Shared Services Change Lead will be required to develop the 9.1 detailed Business Plan for the new shared service between April and December 2017. As opportunities for collaborative activity are identified during this time, to avoid unnecessary delay, approval from the Joint Committee (and if necessary individual Councils) will be sought during that period.
- 9.2 For initial planning purposes the following milestones should be considered (for roads service only):
 - Councils at Chief Executive level consider final draft SBC February 2017
 - 2. TU engagement ongoingFormal report to Shared Services Joint Committee - March 2017 TBC
 - 3. Finalise SBC -following Trade Union and consideration by Joint Committee -March 2017
 - 4. Commence approval process
 - Appoint Change Lead Officer April 2017
 - Individual councils consider early collaboration opportunities as they arise post April 2017. 6.
 - 7. Councils consider detailed Business Plan for the proposed roads shared service or functions – Autumn 2017 and a potential go-live of April 2018
 - Outline business case(s) for other service areas, as they are identified and developed 2018 onwards
- 9.3 The above is an overview of the potential plan and timescales. Concurrent with this should be the establishment of a detailed legal, financial and HR framework to enable the transition of any functions or implementation of a full shared service model. This will include:
 - An initial detailed staff review in consultation with employees, Human Resources and Trade Unions;
 - Identification of and solutions to, potential corporate barriers to sharing;
 - Assessment of back office implications particularly with regards to ICT, Financial Models, Property and procurement; and
 - The development of an in-house business intelligence strategy to compare performance, identifies best practice, standardise policies and procedures and assist with the implementation of new working practices.
- 9.4 In addition, and in preparation for implementation of the shared service, several high-level 'next steps' are anticipated:
 - Agree a common vision for the service, including an agreed 'vision statement' and high level strategic objectives. This will build-upon the research already undertaken;
 - Benefits Realisation Strategy: to design, agree and map benefits assigning measurable targets in order to track benefit realisation gains;
 - Assessment of potential operational delivery models, addressing issues such as organisational structure, management, staff levels and distribution, utilisation of assets etc.;
 - Delivery of a fully supported change programme to implement the new operational model.
- 9.5 It is anticipated that there will be short term costs for managing the change process post April 2017. Initially this will be the cost of the proposed Change Lead. The anticipated cost of this will be up to £75,000 to be split equally between the three Councils. Any further costs would be considered by the partners if required.

10. RISKS

As part of the work to date and the development of the SBC, the following risks have been identified and will be reviewed, monitored and tracked as the project progresses:

| No | Key risk | Mitigating action |
|----|--|---|
| 1. | Changing political environment and pending local government elections | Ongoing communications between the Councils at all levels |
| 2. | Poor quality of data impacting on the accuracy of the business case work | Ensure adequate time is allocated to the creation of the business case, and that the appropriate people are involved |
| 3. | Inadequate time is given for embedding the new ways of working within partner Councils | Ensure time is allocated in the project plan for a bedding-in period |
| 4. | Efficiencies arising from the project are double counted or not allocated to the project | Ensure input from appropriate finance staff and early agreement to allocation of savings |
| 5. | Not enough time is given to planning of the project and unrealistic timescales are allocated | Ensure that time is allocated for detailed planning and implementation stages |
| 6. | Insufficient resources or resources without the required skillset are allocated to the project. This includes change management skills | Ensure that the right people are identified for input to the project at the right time |
| 7. | Decisions are not made in a timely manner resulting on knock on delays to the rest of the project | Key decision points and milestones should be highlighted in the project plan and timely meetings held with decision makers |
| 8. | Non delivery of key projects because of competing demands for shared resources. | Ensure structure is established to provide improved cover than is currently available while still recognising the potential requirement for external assistance |
| 9. | Poor Trade Union and employee communications and engagement | Established joint meeting and protocols for employee briefings within all three Councils |

11. CONCLUSIONS AND RECOMMENDATIONS

- 11.1 Based on the work undertaken by officers to date through the review of current operating models and resources as well as the engagement of Trade Unions and local workforces, officers believe that there is a strong case for sharing which meets each of the three Councils' strategic and local priorities. The work that has been undertaken at this stage reinforces the case for sharing. This Strategic Business Case report recommends a clear commitment to move forward and to implement the timetable and plan for developing a model for the sharing of the roads functions and/or wider roads services. This proposal allows the three Councils to take a clear view about the future of these vital services and to support a transformative step-change in service delivery.
- 11.2 It is accepted that within the teams there are different perspectives all of which are valid and proper to consider. There is no disagreement, however, that maintaining the status quo is a long-term and viable option. An informal collaboration based upon project-by-project or service component-by-service component is also inadequate and does not realise the long term benefits that are needed for the service. Officers do however recognise that the sharing of services may be an incremental process in advance of a wholesale move to a fully integrated model.
- 11.3 Initial details on the potential financial savings can be assessed only in the medium to long term. This report does not profess to give guarantees on savings targets, rather it is focussed on cost-effective services and benefits. It is sufficient to progress on this basis, as the underlying issue is that the roads services need to be resourced to meet current and expected future challenges. If savings targets are the objective then it is difficult to see how the prevailing status quo or an informal midrange option on collaboration will provide any benefits in the time period being considered.
- 11.4 It is understood and accepted that the investment made by each Council in its roads is to be spent within its relevant Council boundary and that local responsiveness will not be reduced.
- 11.5 The workforce challenges must be considered immediately, to take action to protect key skills areas, develop new managers, reduce the age profile, and retain staff. The national Workforce Development Plan prepared by the Roads Collaboration Programme will offer centralised support and focus to this, but local commitment will be required.
- 11.6 There is considerable work to be done but this will be achievable if everyone is focussed on delivering on the common, shared objective of a more efficient roads service for the three-Council area, which delivers public services in a resilient and sustainable way.
- 11.7 Further detailed legal, financial and technical work must now be undertaken to refine the details of the proposal but a formal commitment to move forward is essential for this level of detailed progress. The timetable for three-Council consideration and the transitional period to April 2018 can be used to prepare staff structures and working arrangements for a shared service model. It is therefore recommended that a Change Lead Officer be appointed by the partner Councils, hosted by West Dunbartonshire Council and funded equally by all three. This Officer, once appointed would be tasked with developing a Detailed Business Plan for the new shared roads service, working with colleagues and Trade Unions across the three authorities.
- 11.8 In order to maintain momentum, the Change Lead should also identify areas of collaborative activity which could be quickly and sensibly introduced over the coming year, reporting these for consideration and approval to the Joint Committee/Council Committee as required.
- 11.9 It is recommended that any significant spend by partner Councils, on items such as ICT, long term framework contracts etc., is immediately reviewed in terms of a shared acquisition involving discussion across the three authorities.
- 11.10 Recognising that the roads service does not take place in isolation from other operational Council services, the Change Lead should also develop strategic business case(s) and evaluate the impacts for other services, in addition to the Roads Business Plan the scope of which should be agreed by the

senior officers group and thereafter remitted to the Joint Committee and Councils for consideration and approval. This should take into account the success criteria detailed in 3.2:

- Increased resilience within each Council
- Increased capacity within each Council to deliver full range of functions
- Efficient, effective and optimised service delivery
- A fit for purpose operating model which supports the above criteria
- Exploring and identifying opportunities for further sharing of services
- 11.11 Opportunities to extend the reach of the partnership to other local authorities should be progressed where these offer further benefits to Inverclyde, East and West Dunbartsonshire and other prospective Councils.
- 11.12 It is recommended that the proposed timetable in 9.2 is implemented in particular with the appointment of the Change Lead on an interim contract basis.
- 11.13 Seek necessary approvals from the three Local Authorities to appoint a Change Lead to progress a detailed business plan and develop early collaboration opportunities.



Appendix 1 Initial Collaborative Activity areas

The following activity areas are key elements of the roads and transportation service, and detailed reviews should be carried out across all three Councils to explore collaborative opportunities within each:

- Winter maintenance
- Asset management
- Category 1 road repairs
- Regulatory functions including roads development control and Orders
- Parking Management
- Road gully maintenance
- Procurement
- Street lighting
- Flood risk management
- Traffic signals
- Road design/professional services
- Inspections
- Structures
- Policies and procedures
- Roads operations



SHARED SERVICES JOINT

COMMITTEE

24 March 2017

SSJC/002/17/AW East Dunbartonshire Council / West / Inverclyde

CONTACT OFFICER: Angela Wilson Strategic Director West Dunbartonshire

Council

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SUBJECT TITLE: Joint Trades Union Consultation and Engagement

1.0 PURPOSE

1.1 The purpose of this report is to update the Committee on the engagement activity with the Joint Trades Union side.

2.0 **SUMMARY**

2.1 As agreed by the Joint Committee at its meeting of 16 December 2016, Members at each meeting of the Joint Committee will be advised of the progress of consultation and engagement with the Trades Unions.

3.0 **RECOMMENDATIONS**

3.1 It is recommended that the Joint Committee note the contents of the report.

ANGELA WILSON STRATEGIC DIRECTOR WEST DUNBARTONSHIRE COUNCIL

4.0 <u>BACKGROUND</u>

- 4.1 Members of the Committee were previously advised of the group which has been established consisting Joint Trades Unions and Council Officers leading the Roads Shared Services project from across the three Councils. This provides a structure for formal consultation and engagement over and above the various arrangements within each council.
- **4.2** Engagement continues, with meetings taking place on 8 February and 17 March 2017. These meetings were primarily focused on the draft strategic business case and provided the opportunity for meaningful consultation, with the opportunity to take into account comments and feedback prior to presentation to Committee today.
- 4.3 The main feedback from the meeting with the Trade Unions on 17 March 2017 was their request to be fully consulted during the development of the detailed business case on any structural matters arising. This was agreed with the Officers present.

5.0 IMPLICATIONS

- **5.1 General:** Failure to have effective consultation and engagement processes with Joint Trades Unions, would have significant implications for the successful implementation of the project.
- **5.2 All Authorities:** set out
- **5.3 East Dunbartonshire Council:** no other implications as a result of this report.
- **5.4 Inverclyde Council:** no other implications as a result of this report.
- **5.5 West Dunbartonshire Council:** no other implications as a result of this report.