
NORTH AYRSHIRE COUNCIL

Agenda Item 28

11 June 2013

Cabinet

Subject: **Proposed Ayrshire Roads and Transportation Shared Service**

Purpose: To advise the Cabinet of progress in terms of the proposed Ayrshire Roads and Transportation Shared Service

Recommendation: That the Cabinet agrees (a) to note the good work undertaken by the three Ayrshire Councils to analyse the potential for an Ayrshire Roads and Transportation Shared Service; (b) not to proceed with the Ayrshire Roads and Transportation Shared Service at this point to allow the Council to drive improved financial efficiency from the Council's own service and develop the new service as outlined in Sections 2.6 - 2.9 of this report; and (c) that it be remitted to the Corporate Director (Development and Environment) to bring back more detailed proposals on the improvements to be made to the Council's Roads Service in early course.

1. Introduction

- 1.1 The Cabinet will be aware that there is a strong commitment within Ayrshire for joint/partnership working while maintaining and improving standards. Indeed, the Ayrshire Shared Services Executive, attended by the Leader, has been meeting for a number of years on a regular basis to identify those services (or parts of services) which might be suitable for joint delivery.
- 1.2 In Ayrshire, the three Councils are responsible for the network management of some 3,460km of carriageway, 2,785km of footway, 62,684 streetlights, 219 traffic signals and 880 Council owned bridges. The Roads Services also operate with some 345 staff. These figures are broken down as shown overleaf:-

	East Ayrshire	North Ayrshire	South Ayrshire
Length of carriageway (km)	1,276	1,027	1,157
Length of footway (km)	972	966	874
Number of streetlights (lamps)	20,324	22,737	19,803
Number of traffic signals	76	69	74
Number of employees	152	100	93

Note: Extracted from Ayrshire Roads and Transportation Shared Service Detailed Business Case as at 31 May 2013.

- 1.3 A number of areas of partnership working have already been taken forward in terms of Roads and Transportation. Some examples of this include minor works contract and traffic signal maintenance (which involved the three Ayrshire Councils and Inverclyde Council) and work in relation to flood management, led by North Ayrshire Council. Almost all procurement for the service is undertaken through pan-Ayrshire contracts.
- 1.4 The Ayrshire Shared Services Executive, at its meeting in October 2010, considered an options appraisal outlining various alternative delivery models for an integrated roads service delivery within East, North and South Ayrshire Councils. The options considered were:-
 - Status Quo
 - Service Delivery through increased co-operation
 - Strategic Delivery Model (Strategic core with local delivery)
 - Privatisation
 - All Ayrshire Roads Service
 - All Ayrshire Client/Contractor
 - Partnering with Private Sector
- 1.5 The result of this assessment was an agreement that there were two preferred options, namely (a) Strategic Delivery Model (Strategic core with local delivery) and (b) an All Ayrshire Roads Service. Subsequently, an Outline Business Case was produced.
- 1.6 This Outline Business Case concluded that the All Ayrshire Roads Service option should be progressed and a detailed business case developed setting out proposed financial arrangements, service structures, procedures, resources, etc. as well as an assessment of risk and associated mitigation.

2. Current Position

- 2.1 The Detailed Business Case was finalised at the end of May 2013 and states that, of all the options considered, a pan-Ayrshire Roads Service delivery model demonstrates the best opportunity to provide a resilient and robust delivery vehicle for the future. The shared service will provide resilience through the removal of duplication in particular service areas, the sharing of best practice, the establishment of integrated systems and procedures, and increased value for money through procurement due to economies of scale.
- 2.2 Whilst this is positive, there are a number of key considerations to be taken into account in determining whether this Shared Services model proposal along with the supporting business case is appropriate for North Ayrshire Council at this time.

Financial

- 2.3 The business case sets out the revenue efficiencies anticipated during the first 10 years of operation. North Ayrshire's proportion of these annual revenue efficiencies is £540,000 by the end of year 5. This equates to 6.5% of the current revenue budget for the service. There is also an anticipated saving to the capital budget of £193,000. In addition to the budget savings which have already been approved into 2015/16, the Council's 10 Year Financial Strategy estimates that the Council will require further savings of £68m (equating to more than 20% of the overall budget). Whilst at this time, the target levels of efficiencies required from individual services has not been determined, it is considered that they will be greater for the Roads and Transportation service than the 6.5% identified within the business case.
- 2.4 In the three years to 2013/14, the Council has approved savings of £971,000 and reduced staffing levels by 14.5FTE within the Roads and Transportation Service, whilst at the same time ensuring improved performance.

Human Resources

- 2.5 Approximately 345 employees would be included within the proposed shared service. In recent years, the three Councils have been developing experience and skills in the re-organisation and re-structuring of services that minimise service disruption during transitional periods. However, a further complication exists in bringing together staff in receipt of different pay grades and employment terms and conditions across the three Councils. Accordingly, the risk register within the business case classes this risk as 'high'.

Improvements Planned

- 2.6 Early work on redesigning our current service is based on a high quality transport infrastructure to enable economic growth, well maintained roads and the provision of integrated transport for all forms of travel.
- 2.7 In order to ensure both effective and efficient services an integrated approach across Council services is essential. This was recognised through the review of the senior management structure in June 2012 when the Roads and Transportation Service was aligned with the Planning and Economic Development Service to strengthen the links between these service areas. The review also recognised the future opportunity to align all operational services involving the physical infrastructure, buildings and land.
- 2.8 The Council's experience in improving services whilst making services more efficient is strong. In 2010 the Council created its Streetscene Service to consolidate a range of environmental services responsible for the maintenance of green space and cleansing of the public realm and the management of associated assets to provide an integrated approach to the management of the public realm. This integration enabled the realisation of £1.75m of cost efficiencies whilst maintaining the quality of the public realm. It also enabled a single point of access for residents and communities to report issues or concerns and helped shape, inform and support the provision of high quality public realm that meets the needs of community.
- 2.9 The alignment of the Roads Maintenance Operations and Asset Management alongside the Streetscene Service, within Environmental and Related Services, provides an opportunity to fully integrate operational maintenance of the public realm and management of associated assets. This will further improve co-ordination of works and maintenance programmes enabling operational synergies to be explored, further develop the Council's approach to asset management, a key strength of the Roads Service area, and simplify access to public realm management for communities to inform its development.
- 2.10 To take forward the proposals in the Detailed Business Case would mean, at best, pausing the Council's ambitious improvement programme while integration takes place. A minimum of 1 – 2 years.

3. Proposals

- 3.1 It is proposed that the Cabinet (a) notes the good work undertaken by the three Ayrshire Councils to analyse the potential for an Ayrshire Roads and Transportation Shared Service; (b) does not proceed with the Ayrshire Roads and Transportation Shared Service at this point, to drive improved financial efficiency and develop the new service as outlined in Sections 2.6 – 2.9 above; and (c) remits to the Corporate Director (Development and Environment) to bring forward more detailed proposals for the new service in early course.

4. Implications

Financial Implications

- 4.1 The financial implications are set out in Section 2 above.

Human Resource Implications

- 4.2 The human resource implications are set out in Section 2 above.

Legal Implications

- 4.3 There are no legal implications arising directly from this report.

Equality Implications

- 4.4 There are no equality implications arising directly from this report.

Environmental Implications

- 4.5 There are no environmental implications arising from this report.

Implications for Key Priorities

- 4.6 Not proceeding with the Ayrshire Roads and Transportation Shared Service will allow the Council to continue with its own ambitious service improvement and savings plans, thus allowing the service to operate more effectively and efficiently.

5. Consultations

- 5.1 Consultation has taken place with the Corporate Director (Development and Environment), Corporate Director (Finance & Corporate Support), Head of Development Planning and the Head of Democratic and Administration Services all of whom concur with the recommendations contained within this report.

- 5.2 Discussion has also taken place with the Chief Executives of East and South Ayrshire Councils. Service Managers, employees and trade unions are being consulted and have also noted the recommendations contained within this report.

6. Conclusion

- 6.1 The Council has ambitious improvement and savings targets which can be better met by not proceeding with the Ayrshire Roads and Transportation Shared Service at this time. However, the Council should continue to work with East and South Ayrshire Councils to bring forward other proposals for shared services/partnership working for consideration.



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Reference : EM/CH/BT

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Background Papers

- *Roads and Transportation Shared Service: Outline Business Case (November 2011)*
- *Ayrshire Roads and Transportation Shared Service: Detailed Business Case (May 2013)*