

Road Services Collaboration Proposal

Report by Ricky Moffat, Head of Commercial Operations

1 Purpose of Report

The National Roads Maintenance Review final report concluded that roads authorities should explore sharing services across Scotland. As such, this report outlines the steps taken to explore opportunities for collaboration with the other local Roads Authorities (within the Edinburgh, Lothian, Borders, and Fife (ELBF) area) and seeks Council approval for the creation of an interim shadow Joint Committee.

2 Background

The National Roads Maintenance Review final report was published in July 2012, following a recommendation from Audit Scotland to: *“Consider a national review on how the road network is managed and maintained, with a view to stimulating service re-design and increasing the pace of examining the potential for shared services”*.

The National Roads Maintenance Review concluded 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. Prior to the report being published, the Edinburgh, Lothian, Borders and Fife group of councils had already been working together to explore the opportunities to share services and collaborate in road maintenance activities.

In 2009, the Chief Executives of Edinburgh, Lothian, Borders and Fife Councils requested that Chief Officers set up a group to consider the benefits in sharing a road maintenance service. A report by consultants Halcrow in December 2009 found that current arrangements were demonstrating Best Value however, the group of councils should consider further sharing of resources.

The Edinburgh, Lothians, Borders and Fife Councils are currently working in partnership to explore opportunities for increased collaboration in roads services. The partnership, joined the Governance First Project in April 2014 to compare and assess governance models to deliver collaborative roads services from a secure, legal and accountable body.

While there is clear appetite for sharing and an existing culture of co-operation among the partners (which has been in place for a number of years), a legal barrier in the form of European Union Procurement and Competition Law prevents any significant sharing via an informal agreement. This view was also the conclusion of all six local authority legal teams.

Some informal collaboration in roads already exists among the six local authorities. However, all Councils recognise the need to increase sharing further to both ensure the resilience and sustainability of the service, and to continue to design and maintain roads that meet the expectations and needs of Scotland's communities.

Governance First

Governance First is an initiative at the forefront of the Roads Collaboration Programme. The aim of Governance First is to support local authorities to establish formal governing bodies from which they can deliver collaborative roads services with partner authorities.

The approach recommends that the creation of a governing body be undertaken as the fundamental first step to developing shared services and that this should be done prior to addressing the specifics of operational delivery.

While it is recognised there may be challenges with this change in approach, particularly regarding the non-inclusion of a detailed financial forecast at this stage, there is a clear case for and benefits from addressing governance at the outset.

Governance Body in Place First

Business case development is a lengthy process that requires a significant amount of resource and input from local authorities, in addition, extensive time to complete. Often during this process, issues and barriers are encountered delaying or even halting progress. This can include non-availability of baseline data, inability to compare that data, and concerns and disagreement relating to the proposed operating model's staffing structure.

- Common issues in the current business case approach frequently lead to an inability to make a case to satisfy all parties.
- Governance models are often only addressed at the end of the process when it can be the conclusion of council legal teams that the operational model designed cannot be legally governed – as was the case with initial proposals by the Edinburgh, Lothian, Borders and Fife Councils.
- The current business case approach can lead to elected members being engaged very late in the discussions.
- Putting the Governance mechanism in place straight away to manage the sharing of services will ensure the necessary framework is in place to accelerate transition to a shared service.
- Having key players, including elected members, involved in decision-making from the outset, avoids potential delays associated with securing political support commonly experienced in moving to a shared service.

- By involving elected members early, common member concerns regarding how to take account of local needs and priorities in a shared service can be addressed and accounted for from the outset.
- The Governance mechanism allows local authorities to develop a strategy and approach to sharing within a legally sound and secure environment of clear accountability. Creating a legal entity to act as an 'umbrella' under which to deliver improvements ensures transparency, simplifies the processes associated with sharing and removes the complexities of undertaking further sharing initiatives in future associated with the need for additional service level agreements.

Broader Benefits of Sharing

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:-

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

The governing body could be established in such a way to allow for the future growth of the body to include a remit to address sharing in the wider service, or indeed other service areas within councils. This would avoid the creation of multiple governing bodies in future, and the complexities of any associated administration and cross-body communication.

Edinburgh, Lothian, Borders and Fife

Edinburgh, Lothian, Borders and Fife has recognised the substantial benefits associated with formal collaboration for some time, and joined the Governance First Project in April 2014 to explore more formal governance options that will allow the participating authorities to benefit from collaboration.

Substantial sharing is already underway within ELBF, with a variety of agreements in place to ensure the successful delivery of these initiatives on a collaborative basis. Initiatives include:-

- Maintenance of traffic signals;
- Collaboration in Road Safety Audits;
- CLARENCE Customer Care Call Centre;
- Collaboration in roads repairs;
- Provision of rock salt and winter gritting equipment;
- Professional services and advice in relation to Flood Risk Management;
- Single Development Control Guidelines document;

- Street lighting installation and maintenance procurement framework;
- ISO9001 Quality Assurance System;
- Winter weather forecasting; and
- Proprietary road surfacing projects

There are different degrees of participation from the six authorities in the above initiatives but they form a strong basis for future activity.

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. This can include either the establishment of a fully integrated shared service or sharing in specific service areas only. Any collaboration will require appropriate legal documentation.

It is anticipated that the approach to sharing will initially be one of 'small demonstration projects' to identify baselines, increase performance levels and to begin to identify areas of potential savings. Eleven areas within roads services have been identified where the greatest benefits from new or increased collaboration are anticipated. These can be taken forward on a project-by-project basis:-

- Asset Management;
- Joint Procurement;
- Flood Risk Management;
- New Roads and Streetworks Act – co-ordination of road works;
- Weather Forecasting;
- Traffic Signal Maintenance;
- Road Safety;
- Structures;
- Street Lighting;
- Training; and
- Packaging of Roads Maintenance Contracts.

Research Undertaken

The Edinburgh, Lothian, Borders and Fife Councils carried out a full options appraisal to compare governance options. This was undertaken with the support of the Roads Collaboration Programme, including expert guidance from a senior solicitor from law firm Burness Paull.

Options assessed included Joint Committee, Joint Board, Company Limited by Guarantee, Company Limited by Shares and Limited Liability Partnership.

The options appraisal concluded that a joint committee was the preferred governance model to allow effective collaboration, with a formal body established under the Local Government (Scotland) Act 1973 to enable the partner authorities to carry out their functions jointly. A summary of the options appraisal is outlined in Appendix 1.

In the absence of a definitive range of services to be included in the collaboration, a remit for the committee cannot be outlined at this time. Therefore, it is recommended that, in the first instance, a shadow joint committee be established, which can be formalised into a joint committee within the next 12 months.

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 partner authorities to form a group, set the direction of collaboration and define the remit of the joint committee.

During the options appraisal, a limited liability partnership was also identified as an appropriate governance model for future consideration, and this can be explored further as the scope of the collaboration is defined in the interim period.

The different timescales for each Council to consider participating in the proposed shadow joint committee may mean that the shadow joint committee will not have the involvement of all six local ELBF authorities from the start, but an initial involvement of at least four Councils will allow the new governance arrangements to proceed.

A proposed terms of reference for the shadow joint committee is outlined in Appendix 2.

Regional Transport Partnership – (SESTrans) Role in Roads Collaboration and other shared services - Legal Position

Discussions have taken place between the Regional Transport Partnership (RTP) and Improvement Service (IS) legal advisers on whether, legally, there are impediments to Regional Transport Partnerships participating in shared service arrangements in the transport sector. Such as the Roads Collaboration Programme (RCP).

Legal Basis of Regional Transport Partnerships

Regional Transport Partnerships were established under the Transport (Scotland) Act 2005. Their statutory functions relate to the strategic planning and, in certain areas, delivery, of regional transport projects. Their membership comprises, in the main, local authority elected members. Their legal personality includes broad powers to enter into contracts etc.

Extending Regional Transport Partnership Functions

Section 10 of the 2005 Act allows the Scottish Ministers to extend the statutory functions of a Regional Transport Partnership. The main requirement for such an order is that the constituent local authorities are consulted. This power could be used to fix any perceived 'gaps' in the Regional Transport Partnership's legal powers to carry out shared service activity like the Roads Collaboration Programme.

Section 14 of the Act allows Regional Transport Partnerships to enter into arrangements with local authorities and others to provide services or do other things relating to transport which the other body would normally do. This is another useful power in this context.

Collaboration Model

The other main concern about Regional Transport Partnership involvement is in terms of procurement law. However, the proposed model of collaboration between Regional Transport Partnerships and local authorities would seem to fall within existing case law such as the *Hamburg* case (C-480/06) and the new Directive 2014/24. The participating Regional Transport Partnership may need a section 10 Order, as above, to acquire the relevant functional capability.

In the proposed model, the Regional Transport Partnership would act as a 'hub,' co-ordinating and collaborating in the delivery of the shared service in furtherance of the common functions and providing support services such as procurement. However, democratic accountability, staff, and budget would remain with the local authorities, who could determine the extent of their involvement in the shared service – but recognising that the Regional Transport Partnership must be allocated some task(s) to be performed in furtherance of the common function.

An added advantage would be a relatively simple governance structure, which elected members, would be familiar with. Under s.14 of the 2005 Act, the participating local authorities would enter into collaboration agreements with each other and the RTP: the decision making body would be a committee of the Regional Transport Partnership comprising representatives of the participating local authorities and a representative of the Regional Transport Partnership; the local authorities and the Regional Transport Partnership having agreed to transfer the relevant decision making powers on operational matters to that committee.

However the view of relevant elected members from each of the councils was that a separate Joint Committee should be set up to oversee the Roads Collaboration Programme with its own remit not linked to the existing Regional Transport Partnerships.

3 Report Implications

3.1 Resource

It is unlikely that there will be any reduction in numbers of staff as these are required to address the current expenditure levels and Council performance and delivery of existing (and future improved) services. A shared service would optimise the use of the combined skills and knowledge of co-located employees and will offer increased training and development opportunities for existing staff with greater job security in a much more sustainable and resilient roads and transportation service within local government.

There are no additional costs in setting up the interim arrangements outlined in this report.

3.2 Risk

Any sharing arrangement must ensure that councils are not faced with trading losses from large overspends on paid-for services that over-ride any gains to be made through sharing.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

Local authorities are all facing the same challenge of constrained budgets, and within roads services specifically evidence of a reduction in staff numbers, loss of expertise and limited specialised equipment required to meet public expectations. The ability of local authorities to work together is therefore considered an essential requirement to deliver efficiencies and ensure the sustainability of roads services for Scotland's communities.

3.5 Adopting a Preventative Approach

The provision of a fit for purpose road service will ensure that people and goods are able to move around Midlothian as reasonably practicable.

3.6 Involving Communities and Other Stakeholders

Consultation has taken place with officers and the relevant elected members from City of Edinburgh Council, Midlothian Council, East Lothian Council, West Lothian Council, Fife Council and Scottish Borders Council.

3.7 Ensuring Equalities

There are no equality issues as a result of this report.

3.8 Supporting Sustainable Development

With Councils facing reducing resources, collaboration between Councils is seen as a way to maintain current levels of service and ensuring a road network fit for purpose.

3.9 IT Issues

There are no IT issues as a result of this report.

4 Summary

While substantial informal collaboration already exists, particularly among neighbouring councils, local authorities are in some cases struggling to overcome barriers to fully transition to shared services due to the perceived complexities of EU procurement and competition law. In order to progress with the collaboration arrangements the Edinburgh, Lothian, Borders and Fife Councils through the Roads Collaboration Programme, (the partnership) must enter into a more formal arrangement and form a shadow Joint Committee.

5 Recommendations

It is recommended that Council note and approves:

- a) the development of the Edinburgh, Lothian, Borders and Fife Councils Governance First Group, the methodical approach undertaken to determine the case for creating a new governance structure, and the recommended creation of a shadow Joint Committee.
- b) that the initial involvement of a minimum of 4 of the participating Councils will allow the new arrangements to proceed;
- c) provide delegated authority to the Director, Resources to make arrangements for the formation of the new governing body and to report back with a proposed operating model, agreed terms of reference and proposed Council representation.

23 November 2015

Report Contact: Neil Dougall, Tel No 0131 561 5215

E-mail neil.dougall@midlothian.gov.uk

Background Papers:

Governance Model Options Appraisal

To determine the most appropriate governance model, Edinburgh, Lothian, Borders, and Fife officers carried out an options appraisal of the models available, taking into account perceived benefits and risks associated with each. The group was fully supported in their appraisal by the Roads Collaboration Programme team, inclusive of an external senior solicitor from Burness Paull who provided essential legal guidance to allow the group to make informed decisions when selecting the most beneficial model. Two potential models were identified by the programme team for consideration by Edinburgh, Lothian, Borders, and Fife:

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. Based on procurement law principles, the key features of Model 1 – in the context of roads authorities – would be as follows:-

- there would require to be a joint governance structure – most likely a joint committee;
- each of the authorities would require to commit to some element of sharing of resources;
- the financial contributions would require to be based on the sharing of costs – with no margin/profit element for any of the participating authorities;
- it would be viable for assets currently owned by each authority to continue to be held by them, i.e. it would not be a pre-requisite that assets had to be transferred out of the ownership of any of the existing authorities;
- the staff teams of each authority would be deployed in accordance with decisions of the joint committee;
- the joint committee would serve as a framework, providing overall governance and accountability

Model 2 – Joint Body - based on the principles of European Union 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. The key features of Model 2 would be as follows:-

- a legal entity would be formed, such as a company limited by guarantee or a limited liability partnership (LLP); or alternatively (involving additional formalities and a longer timescale) a joint board established;
- all participating authorities would require to share control of the legal entity – but voting rights need to be equal;
- all participating authorities would require to access some level of service from the joint legal entity – but the volumes of work need not be equal;
- the “essential part” of the corporate body’s activities must be with the participating authorities – the current threshold is 90% but will change to 80% when the relevant Directive is introduced into Scots law;
- the corporate body would hold its own assets and/or directly employ its own staff;
- the joint body could act as a central purchasing authority for the participating authorities – procuring materials or services, or a private sector strategic partner;

- the corporate body must not have any private sector shareholding, but could access loan finance from any source (bonds);
- a subsidiary legal entity could potentially operate on the market, winning work from other authorities and potentially:-
 - preserving/expanding the workforce;
 - maximising community benefits (e.g. apprenticeships);
 - delivering additional income to support core services.

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.

Out with 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

When considering the advantages and disadvantages of each in an initial high-level appraisal, officers discussed the key features of each model with advice from Burness Paull.

Following strengths, weaknesses, Opportunities and Threats (SWOT) analysis, it was concluded that the greatest opportunities were present in the Joint Committee or Limited Liability Partnership options. The key reasons for this decision were:-

- The status quo model can no longer be seen as a long-term viable option for delivering roads services, as the current economic climate will continue to put substantial pressures on services. In order to collaborate on a more substantial basis, authorities will be required to establish a formal legal framework for collaboration, to comply with procurement law.
- The Joint Committee model is very familiar and well established in local government and is particularly beneficial in terms of the speed in which it can be established.
- While a Joint Board offers additional benefits to that of a Joint Committee, the time involved in the parliamentary procedures needed to establish the body would outweigh any benefits.
- A Limited Liability Partnership offers all the benefits of a joint committee plus additional benefits offered by the establishment of a legal entity (model 2).
- A Limited Liability Partnership is particularly attractive over a Company Limited by Guarantee and a Company Limited by Shares, as the profits of a Limited Liability Partnership – where membership is made up of local authorities – is exempt from tax. Any profits can be reinvested in the Limited Liability Partnership or drawn off by the participating authorities – in each case with no tax being payable.

A further comparative analysis was then undertaken to assess and compare the Joint Committee and Limited Liability Partnership options.

Edinburgh, Lothian, Borders and Fife Forum

Comparison of Joint Committee and Limited Liability Partnership

1. Key Features of Each Model

	Legal Entity?	Governed by...	Set up by.....	Ongoing admin. tasks	Legal duties on board members	Other features
Joint Committee	No	Local Government (Scotland) Act 1973	Participating local authorities themselves	Servicing meetings (agendas, reports, minutes), accounting, financial reporting to participating authorities	Those applying under local government law plus (possibly) duties applying under general case law to those serving in a position of trust	Only local authorities can participate (not other public bodies); also, at least two thirds of the committee members must be elected members
Limited Liability Partnership	Yes	Limited Liability Partnerships Act 2000	Companies House	As for Joint Committee, plus annual return to Companies House, annual accounts complying with statutory requirements (with formal audit if above thresholds)	Those applying under local government law; plus (possibly) duties applying under general case law to those serving in a position of trust; plus any duties specifically set out in the LLP Agreement	No restrictions regarding the types of bodies who can participate; and no restrictions on who can serve on the board

2. Main Advantages and Disadvantages

There are a number of key issues to be considered when considering the main advantages/disadvantages of a Joint Committee against an LLP:

	Issue	Comparison of both models against this issue
Legal entity or not	If the joint structure is not a legal entity, it cannot enter into contracts, employ people, or have other formal legal relationships in its own name. That then means that one of the authorities has to take the role of lead/host authority in contracting with third parties, employing/managing any joint staff team, holding funds etc. This can (a) distort the overall dynamic of decision-making; (b) make it more difficult to hold all participating authorities to account on an equal basis; and (c) cause difficulties in sharing risk (since the lead authority is the immediate target for third-party claims). It would be possible to split roles so that one authority was lead authority for third party contracts, another took the role of employer, another as fund holder.	A Joint Committee is not a legal entity. The Limited Liability Partnership is a legal entity, and can thus enter into legal relationships in its own name. That gives a direct connection between decisions of the joint board, and implementation of those decisions – rather than this having to be routed through one of the participating authorities. Where contracts are entered into directly by a joint body, no one authority is exposed to third-party claims - so that creates better balance in decision-making. In addition, the existence of a joint body (with a joint staff team directly managed by that joint body) can help to create a more level playing field in holding all participating authorities to account.
Governing legislation	The formation of a structure governed by local government legislation, rather than Limited Liability Partnership legislation, could be seen as “home ground”, and thus less of a significant step for a local authority to take. Having said that, there is an increasing trend for local authorities to set up companies or Limited Liability Partnerships as offshoots (e.g. leisure/culture trusts), so this is not unfamiliar territory in the way that it used to be.	A Limited Liability Partnership is governed by the Limited Liability Partnerships Act 2000 (which in turn refers to various provisions of the Companies Act 2006, adapted to fit the Limited Liability Partnership model).

<p>Set-up process</p>	<p>While the setting-up of a Limited Liability Partnership involves Companies House, this is largely a form-filling exercise – typically adding only a few days to the much more significant task of tailoring a constitution for the joint body. The tailoring of a constitution - whether a minute of agreement (joint committee) or Limited Liability Partnership agreement (Limited Liability Partnership) – would need to be carried out and neither requires a more complex constitution than the other (though in practice, local authorities tend to favour a lighter-touch minute of agreement in the context of Joint Committees).</p>	<p>The Joint Committee is a little simpler to set up, as there is no need to involve any regulator.</p> <p>The administrative set-up costs for a Joint Committee is likely to be less than a Limited Liability Partnership, but in either case, this will not be a significant cost.</p> <p>However, with no lead authority associated with a Limited Liability Partnership, dedicated senior management and some support resource would be required for a Limited Liability Partnership, the costs of which would be shared amongst partners. In the case of Edinburgh, Lothian, Borders, and Fife it is likely that this cost could be in the order of £60,000 per year at least initially.</p>
<p>Ongoing admin. tasks</p>	<p>The prospect of having to deal with additional administrative tasks is often off-putting to those considering the creation of a joint body. In reality, the additional administration is likely to be minimal (over and above the tasks that are inevitably associated with servicing <i>any</i> form of joint decision-making group) – except that the implications of having to carry out a formal audit should be borne in mind.</p>	<p>A Joint Committee involves the minimum by way of additional ongoing administration, as compared with the Limited Liability Partnership.</p> <p>For a Joint Committee, the lead authority would normally be expected to provide this.</p>
<p>Legal duties on board members</p>	<p>The idea of board members having to take on duties over and above those that attach to them already under local government legislation may be seen as challenging.</p>	<p>A Joint Committee would not impose any special legal duties on committee members – over and above the duties that members already have under local government legislation.</p> <p>As regards the Limited Liability Partnership model, the legislation does not impose any duties on board members; there are legal duties on the Limited Liability Partnership <u>members</u> – in this case, that would be the participating authorities, as corporate bodies – relating to for example filing of accounts and other formal matters.</p>

<p>Involving others</p>	<p>It may be felt appropriate to bring other public authorities (e.g. Transport Scotland or the relevant Regional Transport Partnership) into the governance model on an equal footing to the local roads authorities. That would be inconsistent with the rules relating to Joint Committees. However, the legislation would allow co-option of people drawn from Transport Scotland or a Regional Transport Partnership onto the joint committee, so long as the “minimum two-thirds elected members” requirement was still met.</p>	<p>If it is felt essential that bodies other than local authorities should participate directly in the governance model, then a Joint Committee should be considered carefully. The same point applies if it is felt that having a minimum of two-thirds elected members on the board is not appropriate.</p>
<p>Tax</p>	<p>The issue of tax is an important factor, particularly if there is a risk that surpluses generated by the joint body might be substantial in future years (and taking account of any aspirations round developing income from the provision of services to a wider range of bodies).</p>	<p>Tax on surpluses does not come into play in relation to a joint committee as these fall within the general tax exemptions applying to local authorities. If there is a risk that tax liabilities might arise in the future, tax considerations would point to the use of a Limited Liability Partnership model. A Limited Liability Partnership does not pay tax; it is the members of a Limited Liability Partnership who pay tax, based on the profits of the Limited Liability Partnership that are allocated to them. Where – as in this case – the members are local authorities, the general tax exemption for local authorities comes into play and thus no tax is payable on the profits of the Limited Liability Partnership. That applies irrespective of whether the profits are left within the Limited Liability Partnership to fund working capital requirements or future investments or are drawn off by the local authorities – so there is full flexibility.</p>

3. Strengths, Weaknesses, Opportunities & Threats

Joint Committee Model

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ❖ Provides a strong governance framework ❖ Familiar model within the local government field, so unlikely to cause concerns to elected members ❖ Can provide an overarching framework, compatible with procurement principles round collaboration in the performance of a public task, under which individual projects can be taken forward 	<ul style="list-style-type: none"> ❖ As compared with an Limited Liability Partnership, a Joint Committee is not a legal entity, so contracts etc. need to be dealt with through a lead authority ❖ Selection of lead authority may be difficult (there is the possibility of different authorities taking responsibility for staff, finance, contracts etc. – but that adds complications) ❖ Lead authority is directly exposed to third party claims – so that may distort the dynamic of decision-making as the lead authority may refuse to take steps agreed on by the Joint Committee if they would expose it to liability/risk
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ❖ A Joint Committee would provide a platform for more rapid progress with shared services ❖ Over time, the participating authorities may become more familiar/confident about sharing of resources etc., and that in turn may facilitate moving to a Limited Liability Partnership model 	<ul style="list-style-type: none"> ❖ The lead authority arrangement could potentially represent a source of friction, if there is a sense among the other participating authorities that the dynamic of decision-making is not working as it should ❖ The fact that the lead authority takes the primary risk as regards third party claims may inhibit progress with more ambitious projects (the other authorities can agree to reimburse a proportion of the lead authority's liability from third party claims, but that is not a perfect solution) ❖ As compared with an Limited Liability Partnership, a Joint Committee tends to be more exposed to changes in the political agendas

Limited Liability Partnership Model

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">❖ As compared with a Joint Committee, a Limited Liability Partnership provides a jointly controlled legal entity, which can itself enter into contracts, take on staff, hold its own funds, etc.❖ The commitments of the participating authorities can be pinned down in a more robust way through legally-binding agreements between each of them and the joint legal entity❖ Those serving on the board have a legal duty to take decisions in a way that will best promote the success of the company in achieving its purposes❖ A Limited Liability Partnership has a major advantage of being tax-transparent	<ul style="list-style-type: none">❖ As compared with a Joint Committee, there may be a perception among elected members that the formation of a Limited Liability Partnership displaces their role and/or represents a first step towards privatisation❖ The principle of profit distribution – even if that not envisaged to happen in practice in the short to medium term – may distort the fundamental principles of what the shared services arrangements are intended to achieve
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">❖ As compared with a Joint Committee, an Limited Liability Partnership can act as a flexible model – not just dealing with initial feasibility but (once approved by the participating authorities) directly taking forward joint projects❖ An Limited Liability Partnership could serve as the vehicle for a wide range of shared services projects and initiatives	<ul style="list-style-type: none">❖ If the participating authorities are concerned about issues of control, they may impose tight restrictions on what the Limited Liability Partnership can do without the consent of all participating authorities – with the effect that the Limited Liability Partnership is unable to achieve its potential

Shadow Joint Committee – Roads Services

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

- a) To explore options for the member local authorities sharing roads services and associated assets.
- b) To evaluate proposals for shared services and joint working, and make recommendations to the relevant member local authorities on the preferred collaboration model.
- c) To discuss and develop draft governance arrangements for a formal decision making joint body.

6. Code of Conduct

The Councillors' Code of Conduct (paragraphs 3.14 – 3.15) specifies members' responsibilities regarding private information.

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.