

## Shared Services Joint Committee

Wednesday, 23rd March 2022

<b>Report Title</b>	Highways and Transport Disaggregation
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<b>Executive Members</b>	Councillor Graham Lawman Executive Member Portfolio Holder for Highways, Travel and Assets, NNC Councillor Phil Larratt, Portfolio Holder for Climate, Transport, Highways and Waste Services, WNC

<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	

### List of Appendices

None

#### 1. Purpose of Report

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- 1.1. To seek approval of the recommendations to commence the disaggregation of the Highways and Transport service.
- 1.2. To seek approval of the recommendations following the completion and review of an Impact Assessment, set out within this report for the Committee's consideration, based on Officers' assessment for both authorities in relation to the disaggregation of the hosted Highways and Transport service.

## 2. Executive Summary

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### Highways and Transport Service Disaggregation

- 2.1 There is a requirement to disaggregate the teams within the Highways and Transport service formally employed by Northamptonshire County Council (NCC) and now hosted by West Northamptonshire Council (WNC) on behalf of North Northamptonshire Council (NNC) – the requirement to disaggregate by April 2022 was agreed in the Local Government Reform (LGR) Blueprint and set out in the Transformation Task and Finish Group Priority Disaggregation timeline<sup>1</sup>. NNC Executive and WNC Cabinet (in July 2021) agreed to extend the existing highways contract until end of September 2022 in order to conclude the procurement of the new highways contracts<sup>2</sup>. It was also agreed that the hosting arrangement would continue until the new contracts were in place.
- 2.2 Both authorities want to disaggregate the service to allow them to localise strategic planning and service delivery.
- 2.3 The team (112 posts including approximately 13 vacancies) currently provides a service to NNC through a hosting arrangement. The details and basis of the hosting arrangement has been agreed in the Inter Authority Agreement between the authorities.
- 2.4 The hosting and intended disaggregation are in line with the LGR blueprint previously agreed through the LGR transformation programme. The services provided by the team include a mix of statutory duties, exercising statutory powers and discretionary services. Services provided are summarised as follows:
- Highway Services Contract Management
  - Children’s & Adults Transport Services
  - Major Highways Projects Delivery
  - Network Management
    - Regulations and Enforcement
    - Investigations, Searches and Definitive Maps
    - New Roads and Street Works Act (NRSWA)
  - Community Liaison
  - Transport Planning, Travel Choices and Public Transport
  - Development Management (some elements were disaggregated on Vesting Day)
  - Parking and Bus Lane Enforcement
- 2.5 A task plan has been created and work undertaken to assess the impact of the service disaggregation and the exit plans must now be created for ending the related elements of Inter Authority Agreement (IAA, the agreement that sets out the general terms on which the hosted and lead functions and services will be discharged and delivered between the Councils) Schedule 2.

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<sup>1</sup> Please see Section 5.1 – Background Papers for further information

<sup>2</sup> Please see Section 5.2 and 5.3 – Background Papers for further information

- 2.6 The proposed disaggregation date for the in-scope service is September 2022, however the operational delivery of the team will be split between NNC and WNC from April 2022, i.e., moving away from a hosted service provision to a 'virtual' model that reflects future service delivery, with teams working predominately for one authority. However, to support the mobilisation of the new contracts, and continue to manage the existing contracts, staff will not be formally migrated into new roles until September 2022 when employees will either transfer to NNC under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations or will remain in their current roles employed by WNC to ensure continuity of the 'business as usual' client-side activities.

### **3. Recommendations**

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#### **3.1 That the Shared Services Joint Committee:**

- a) Approve the disaggregation of the Highways and Transport service by 30<sup>th</sup> September 2022.
- b) Approve the proposed arrangements for disaggregation, budget, staffing, contracts and cost implications, as set out in section 5 and section 7 of this report.
- c) Grant delegated authority to the Monitoring Officers for North Northamptonshire Council and West Northamptonshire Council to take any actions required to give effect to the recommendations and conclude the requirements of the Exit Plan of IAA Schedule 2.

#### **3.2 Reasons for recommendation**

- a) The proposed option to disaggregate the Highways and Transport service adopts the LGR Blueprint, whereby a service has been hosted for a period of time before it can safely and legally disaggregate.
- b) Ensures the Councils and customers receive the most benefit from the delivery of the Highways and Transport service by changing the treatment of the service to allow it to be disaggregated, localising the strategic direction and service delivery in future.
- c) So that disaggregation of the Highways and Transport service can be completed by 30<sup>th</sup> September 2022.

#### **3.3 Alternative Options Considered**

- a) The Highways and Transport service is currently being delivered as a host authority service in accordance with the Administrative Agreement for the hosted /lead provision of functions and services between NNC and WNC. This provides management and operational duties to both North Northamptonshire and West Northamptonshire administrative areas. This arrangement could continue as for a longer period of time before disaggregation. (see Option 2 shown below at 5.1.2 and Option 3 shown below at 5.1.3)

## 4. Report Background

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- 4.1 The Highways and Transport Service manage, operate and maintain all public highways within their area of control, regulate and enforce the Highways Act, parking enforcement, street lighting, rights of way, winter gritting, Major Scheme delivery, enable sustainable travel and electric vehicle on-street charging points, and the transport of approximately 12,000 adults and children, some with special needs clients, travelling to and from school or college every day (during term time) in North and West Northamptonshire.
- 4.2 Since the launch of the two new unitary authorities in April 2021, the Highways and Transport service has been hosted by WNC and currently WNC delivers the duty of running the service for both NNC and WNC.
- 4.3 Disaggregation of the service will facilitate both NNC and WNC integrating the former NCC Highways and Transport service into their respective highways services.
- 4.4 An Impact Assessment was completed, detailing options and recommendations around the future service and impact that this would have on customers. The outcomes of which allows each authority, should they desire, the option to take a different preferred approach towards the delivery of the service following disaggregation. Both NNC and WNC have requested integration of the former NCC Highways and Transport service into their relevant NNC and WNC highways services.
- 4.5 To facilitate this approach, it is therefore recommended to disaggregate the existing service 'as is' and allow each authority to move separately towards two new delivery models after disaggregation, which will be reported to each individual council for approval according to its corporate governance.

## 5. Issues and Choices

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- 5.1 The following options were considered:

**Option 1** – Approval of full disaggregation including TUPE transfer of affected staff from WNC to NNC by 30<sup>th</sup> September 2022, with teams “virtually” split North and West from 31<sup>st</sup> March 2022. To support mobilisation of the new contracts, teams will remain employed by WNC and in their current roles to ensure continuity of the ‘business as usual’ client-side activities until the new contracts are in place.

**Option 2** – Delay disaggregation

**Option 3** – Put in place on-going lead authority arrangements whereby the team and services remain as one team provided to one authority by the other.

- 5.1.1 **Option 1** is the recommended option for the following reasons:

- It allows each authority the autonomy to invest in and deliver its own services aligned strategically with local objectives allowing WNC/ NNC to build integrated highways services:
  - Simplifies processes related to governance and delegated authority for operational decisions.
  - Fulfils the corporate vision to disaggregate all services and form two independent authorities by the agreed timescale
  - Ability to tailor services to the corporate vision and priorities of the specific Council i.e., NNC or WNC
  - Ensures 'sovereignty' of all key Highways and Transport client-side service areas
  - Aligns with the management of two Highways Services contracts – one for each Council - by late summer 2022
  - Corporate IT systems such as SharePoint etc can be separated easily (although note that some service specific systems are not easily disaggregated)
  - Staff allocated to the needs of each Council's key stakeholders
  - Good safe and legal GDPR in place at North and West Northamptonshire Councils (assuming H&T team structures are affordable in both NNC and WNC and all roles can be filled).

#### 5.1.2 **Option 2** (not recommended) – Delay disaggregation

- The service would continue as currently provided under a host arrangement.
  - The agreed disaggregation timeline will not be met.
  - There are no significant operational disbenefits with adopting this option, however the opportunities arising from the benefits noted for Option 1 in Section 5.1.1 above would not be forthcoming.

#### 5.1.3 **Option 3** (not recommended) - Put in place on-going lead authority arrangements whereby the team and services remain as one team provided to one authority by the other.

- The service would continue as a single team providing services to both authorities: currently provided under a host arrangement.
  - This option would not deliver the strategic decision by both authorities to establish their own highways services team.
  - This option would not be in line with the current procurement exercise to establish two separate highways services contracts; a single team would have to manage two independent contracts
  - If this option was considered, then the current IAA would need to be amended and it would constitute a change to the previously agreed LGR Blueprint.

## 5.2 **Core Impact and Considerations**

5.2.1 **Policy/ Service Delivery** – Through disaggregation of the service both authorities will integrate the former Northamptonshire County Council (NCC) Highways service into their relevant NNC and WNC Place and Economy services. This includes disaggregation of the staff, contracts, policies, statutory processes, GDPR requirements, IT and business support provisions.

5.2.2 **Staff** – Staff will be split in accordance with new team structures currently in development, those allocated to the North will become North Northamptonshire Council employees following disaggregation. A full and

proper consultation will be undertaken with all staff directly affected by the disaggregation.

**5.2.3 Resources** – As a shared project between West and North, it has been agreed that the West and North Transformation teams will both provide a lead Project Manager, working jointly together on the delivery of this project. Additional resources will be required from the enabler services as well as the Highways and Transport team to support the disaggregation and TUPE of staff.

**5.2.4 Assets/ Equipment** – As per the Inter Authority Agreement (IAA, the agreement that sets out the general terms on which the hosted and lead functions and services will be discharged and delivered between the Councils) all equipment in WNC/ NNC is owned by the appropriate authority and will remain at the existing locations. This agreement will be reviewed and agreed in line with corporate guidance.

### **5.3 Benefits**

The core benefits of this proposed approach are:

- 5.3.1 Each Council will have full autonomy regarding how the service is shaped.
- 5.3.2 Ability to offer customers and residents services /opportunities aligned to any local consultation and engagement feedback.
- 5.3.3 Allow the Councils to set their own fees and charges, seek internal and external funding for investment in infrastructure and equipment and to develop income generating ideas and deliver services aligned with their own council strategy and priorities.
- 5.3.4 Reduce the administrative burden around the need for discussion regarding operational decision making and service delivery, that the lead model currently requires.
- 5.3.5 To integrate the Highways and Transport teams with equivalent functions in each respective council, offering opportunities for service improvement and efficiency.

## **6. Next Steps**

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**6.1** Should the Shared Services Joint Committee approve the recommendations shown in section 3 above then an exit plan would be developed in accordance with the requirements of the Inter Authority Agreement (IAA) for the hosted provision of functions and services between NNC and WNC.

## **7. Implications (including financial implications)**

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### **7.1 Resources and Financial**

7.1.1 Budgets were split on the basis of asset size and service demands within each authority area at the point of Unitary creation in April 2021.

- 7.1.2 For North Northamptonshire Council (NNC) the current total budget for Highways and Transport is £21.1 million. An additional £900k<sup>3</sup> has been proposed in the draft budget for 2022/23 and future Medium Term Financial Plan for highways services to enable NNC to establish its own highways and transport team. A further £455k<sup>4</sup> has been included in the draft budget for 2022/23 to fund the creation of a highway services contract for NNC. These figures are in addition to the current highways and transport budget for NNC.
- 7.1.3 For West Northamptonshire Council (WNC) the current total budget for Highways and Transport is £23.5 million. An additional £887k<sup>5</sup> has been proposed in the draft budget for 2022/23 and future Medium Term Financial Plan for highways services to enable WNC to support additional staffing needs. A further £175k<sup>6</sup> has been included in the draft budget for 2022/23 to fund the creation of a highway services contract for WNC. These figures are in addition to the current highways and transport budget for WNC.
- 7.1.4 The current staff team will be split equitably according to service need but will require further investment to ensure the teams are resilient and capable of delivering the ambitions and objectives of each authority.
- 7.1.5 Initial modelling indicates that current FTE numbers of c112 need to extend to c150 to allow the current level of service to be maintained. This will be beyond the current financial envelope available to the services. Once a final budget is confirmed through the Councils' budget setting process the teams will need to be structured to reflect the available budgets for 2022/23 and beyond.

## **7.2 Legal and Governance**

- 7.2.1 Changes to the relevant elements of the existing IAA Schedule 2 will need to be made through an agreed Exit Plan.
- 7.2.2 Provisions may be made for a Collaborative working agreement between the North and the West Northamptonshire Authorities to ensure that service delivery to either authority is not jeopardised by any residual matters that cannot be resolved after the full disaggregation of the service has been completed.
- 7.2.3 New data sharing agreements and Data Protection Impact Assessments (DPIAs) may be required.
- 7.2.4 There are a number of key contracts that will require legal assistance to advise on the appropriate treatment for each, including:
- Kier WSP
  - SCP
  - NSL
  - Marsden Enforcement

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<sup>3</sup> North Northamptonshire Council – Budget Proposals 2022/23 to 2024/25, [Appendix B, pg. 8](#)

<sup>4</sup> North Northamptonshire Council – Budget Proposals 2022/23 to 2024/25, [Appendix B, pg. 8](#)

<sup>5</sup> West Northamptonshire Council – Budget Proposals 2022/23 to 2025/26, [Appendix B4](#)

<sup>6</sup> West Northamptonshire Council – Budget Proposals 2022/23 to 2025/26, [Appendix B3](#)

- Highways Amenity Maintenance
- Outspoken Cycle Training
- Highways Communication Systems: BT Global Services Cambridgeshire County Council BT PLC Vix Technology UK Ltd.
- Bramble Hub Limited
- Vix Technology UK Ltd.
- Unicard
- Euclid
- ICES

### **7.3 Relevant Policies and Plans**

7.3.1 The proposal will assist delivery of the North Northamptonshire Corporate Plan 2021-2025 “Safe and thriving places” priority.

7.3.2 The proposal will assist delivery of the West Northamptonshire Council Plan 2021-2025 by enabling greater “connected communities”.

### **7.4 Risk**

7.4.1 Risks are regularly reviewed by the Project and Programme teams and will be monitored via approved project governance.

7.4.2 Key risks have been identified in the Impact Assessment.

### **7.5 Consultation**

7.5.1 Service areas from North and West Northamptonshire Councils have been consulted in this report with both Executive Directors agreeing the approach.

7.5.2 There is no statutory requirement for public consultation.

7.5.3 Consultation with affected staff, supported by Trade Unions, will be undertaken and the team members will be involved in the process via 1:1s and team meetings, with the opportunity to raise questions and concerns.

### **7.6 Consideration by Executive Advisory Panel**

7.6.1 No considerations arising from this report

### **7.7 Consideration by Scrutiny**

7.7.1 No considerations arising from this report

### **7.8 Equality Implications**

7.8.1 At this point in the process, it is not possible to fully assess the actual impact on all protected characteristic groups. However, an Equalities Officer was consulted and a plan will be formulated to ensure that anyone with a protected characteristic can work effectively from their future place of work, as is outlined in West and North Northamptonshire Council’s Equality policies. An initial



Equalities Impact Assessment (EqIA) will be undertaken in the disaggregation process.

7.8.2 The disaggregation proposal and processes are restricted to the method of delivery of the service rather than changes to service delivery itself, as such it is unlikely that there will be an impact of the proposal on equality groups. During consultation the situation will be reviewed and as any impact becomes apparent, appropriate mitigating action will be taken (where this is possible).

7.8.3 Standard Council HR policies and procedures will apply, and all of these have been equality impact assessed.

## **7.9 Climate Impact**

7.9.1 There are minimal impacts arising from this change although localisation of the operational oversight of this service may have a beneficial effect if staff are working closer to their home.

## **7.10 Community Impact**

7.10.1 Webpages and customer journeys for North and West Northamptonshire Councils will be reviewed to establish separate information and customer handling processes as part of the project. New guidance will also be provided to customer contract centres, libraries, community hubs, and customer service colleagues to help answer any telephone or walk-in queries.

## **7.11 Crime and Disorder Impact**

7.11.1 None arising from this report

## **8. Background Papers**

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8.1 [NNC Executive decision: Highways Procurement](#)

8.2 [WNC Cabinet decision – Highways Procurement](#)

8.3 [Transformation Task and Finish Group Priority Disaggregation timeline](#)