

RECORD OF EXECUTIVE DECISION

Monday, 12 March 2012

Decision No: (CAB 11/12 7981)

DECISION-MAKER:	CABINET
PORTFOLIO AREA:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
SUBJECT:	DELIVERY OF THE LOCAL SUSTAINABLE TRANSPORT FUND AND EUROPEAN REGIONAL DEVELOPMENT FUND PROGRAMMES
AUTHOR:	Frank Baxter

THE DECISION

- (i) To delegate authority to the Director of Economic Development to establish a shared service 'soft partnership' to deliver Local Sustainable Transport Fund projects;
- (ii) To delegate authority to the Director of Economic Development to pursue shared service opportunities with Hampshire County Council, Poole and Bournemouth and other local authorities with appropriate risk share arrangements based on proportionality;
- (iii) To invite the University of Southampton, Sustrans, Hampshire County Council (when and if they confirm a wish to enter into a shared service arrangement), health representative and the Solent LEP, to form active project boards with appropriate terms of reference and governance arrangements to oversee delivery;
- (iv) To delegate authority to the Director of Economic Development in consultation with the Director of Corporate Services, the Head of Legal, HR and Democratic Services and the Senior Manager Finance and following consultation with the Cabinet Member for Environment and Transport to finalise the following detail:
 - (a) recruitment of up to three new three year fixed-term posts to the end of the funding agreement:
 - 1 x Travel Choices Programme Manager
 - 1 x Local Sustainable Transport Fund Project Manager,
 - 1 x Marketing Officer;
 - (b) These new posts will join 3 existing staff from the Transport and Travel Team;
 - (c) agreeing a location for the team that maximises benefits to the operation of the partnership;
 - (d) arrangements for the secondment of 3 Sustrans staff (existing Sustrans employees to be seconded into SCC for the period of the funding);
 - (e) terms of reference and governance arrangements of the project board

referred to in recommendation (iii);

- (f) the content and form of any legal or other agreements, documentation or other arrangements necessary to implement and support the creation of a soft partnership (including entering into such agreements etc on behalf of the Council).

REASONS FOR THE DECISION

1. The Local Sustainable Transport Fund Project will deliver of a range of interventions that will bring about a modal shift of 10-12% towards sustainable modes of travel like walking, cycling, bus and more fuel efficient driving. Interventions are specifically targeted to encourage economic growth and jobs, while simultaneously reducing carbon emissions from transport. The measures and initiatives will produce other benefits such as the health improvements arising from active travel. Cabinet formally agreed to accept DfT funding under this Fund of £3.96m on 19 December 2011 and requested that details of the delivery method be reported to Cabinet in March 2012.
2. Success in funding has brought about the need to consider how best to deliver the project because of the need to:
 - increase capacity to deliver sustainable transport measures in Southampton totalling an increase in activity of £1.3m per annum over existing levels
 - maximise future opportunities to secure additional funding
 - facilitate shared services with other LA's where this is clearly of benefit to SCC through economies of scale
 - maximise the opportunities that can come from effective partnership working with other sectors (academic and voluntary in particular)
 - ensures the project has a legacy, in that it can continue to have a long lasting impact and create a delivery mechanism that can be self sustaining
 - mitigate staffing or other revenue liabilities to the greatest extent possible
3. Four options have been considered and tested with internal and external stakeholders including the Management Board of Directors. The preferred option emerged as a "soft partnership". This is one in which Local Authorities and other partners remain fully independent but agree to work together voluntarily under service level agreements / Memorandum of Understanding or other similar arrangements. It is envisaged that in the first instance the delivery model would result in a new co-located team of staff made up of 3 existing SCC staff, 3 new staff employed by SCC, academic staff from the University of Southampton responsible for research and evaluation and Sustrans (the sustainable transport charity) responsible for delivery of certain projects. This would establish a core team capable, at least, of delivering the SCC project and would therefore meet our minimum requirement to deliver the project for which we have been granted funding. In effect, this is in house delivery with enhanced partnership working. In time and when appropriate reassurances and risk share agreements are in place the team may also deliver similar projects for other

local authorities with Southampton taking a Lead Authority role. This would then be a fully operational “soft partnership” The benefit of working with other local authorities comes from economies of scale and joint procurement in a number of areas of significant commonality.

4. The soft partnership route is favoured because:
 - it offers the flexibility to scale operations up quickly to meet new funding opportunities
 - It was deemed to be capable of delivering high quality outputs and value for money
 - it can be managed in a way which minimises future deliverability and risk liabilities for the authority
 - it enhances and strengthens existing partnerships which have been a critical success factor in bids and is likely to improve the City Council reputation with funding agencies
 - creates potential to establish economies of scale through shared services without weakening local expertise
 - through partnership with the University and Sustrans it is an ideal form of partnership to access other funding opportunities some of which would not normally be open to the City Council
 - it benefits from procurement flexibility as a result of both inter-authority shared services arrangements and the potential exemption afforded research and development services to be provided by the University of Southampton

- 5 The recommendations allow for the details of the “soft partnership” to be agreed under delegation to relevant Directors following consultation with the relevant Cabinet Member. This means it can be set up relatively quickly and without the need to come back to Cabinet for approvals as the “soft partnership” arrangements evolve.

DETAILS OF ANY ALTERNATIVE OPTIONS

1. Officers appraised 3 other delivery options alongside the soft partnership. These were:
 - Full outsourcing to private sector consultancy
 - Establishing an Arms Length Organisation (ALO)
 - In-house (with no partnership working with the University of Southampton or Sustrans)
2. In broad summary the reasons for rejecting these options are contained in the table under and briefly explained in the following bullet points:
 - Full outsourcing to private sector consultancy. This option would not be conducive to shared services with other local authorities and with other partners that would have meant some of the key objectives of the delivery model would not have been achieved. Legacy potential was also poor.
 - Establishing an arms length organisation (ALO). This option could facilitate shared services with public sector organisations but is not so flexible should it

wish to trade in the private sector. It was considered that this might be a future option once the delivery model had established a reputation for effective and affordable delivery. It was also relatively expensive because of high overhead costs and presented a potential time-lag in terms of mobilisation. TUPE issues would apply which make its acceptability to Unions problematic.

- Totally in-house (with no partnership working). This option restricted the benefits of working in partnership and had limited legacy capability. In particular, it lacked the independent evaluation necessary for such projects to prove their worth. This has been a criticism of similar projects from other towns.

	In-House	Private Sector Consultant	In-House	Private Sector Consultant
Must not incur liabilities for the authority	M	M	H	H
Capacity to bid for new funding & scalability	L	L	H	M
Should have a long term future beyond initial funding	L	L	H	M
Allow shared services with other authorities	M	M	H	H
Allow for council savings to be achieved	H	H	H	H
Spend and mobilise quickly	M	M	M	H
Deliver the outputs required	M	H	H	H
Political acceptability	H	H	M	H
Entrepreneurship	L	H	H	H

4. Many variations upon or between these options are conceivable and in practice the options appraisal process revealed that the need for any delivery method for it to be flexible and capable of delivering the project in the best interests of the City Council and its residents.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 12 March 2012

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*