



CABINET

9th November 2016

CORPORATE DIRECTOR FOR PLACE COMMISSIONING: TONY CIABURRO

CABINET MEMBER WITH RESPONSIBILITY FOR TRANSPORT, HIGHWAYS & THE ENVIRONMENT: COUNCILLOR IAN MORRIS

Subject:	Network Northamptonshire – Total Transport Project: Proposition and Outline Business Case
Recommendations:	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the progress made with the Total Transport project to date, and the Outline Business Case forming Appendix 1 of this report; 2. Agrees in principal to participate in the social enterprise as a founding partner, as outlined in section 6 of this report, subject to confirmation when the Full Business Case is reported to Cabinet for consideration; 3. Agrees the proposal to form the social enterprise as a ‘shell’ company, and delegates to the Corporate Director for Place Commissioning, in consultation with the Cabinet Member for Transport, Highways and the Environment, and the Director of Finance and/or LGSS Director of Law, Property and Governance, authority to take all appropriate actions to give effect to this recommendation subject to the outcome of a detailed business case; 4. Notes the need for early engagement with KierWSP and Olympus Care Services and other key stakeholders over the potential impacts of these proposals on services they currently deliver on behalf of the County Council; 5. Notes the need for the Full Business Case to be reported to Cabinet for consideration at a future date.

1. Purpose of Report

The purpose of this report is to update Cabinet on progress with developing a business case for the Total Transport Pilot project to develop a Social Enterprise model for integrated transport provision, including to agree the next steps for taking the project forward.

2. How this decision contributes to the Council Plan

The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and/or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by ensuring that:

- People of all ages are safe, protected from harm and able to live happy, healthy and independent lives in our communities.
- People have the information and support they need to make healthy choices and achieve wellbeing.
- People achieve economic prosperity, in a healthy, low carbon economy which give access to jobs, training and skills development.
- Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure.
- Resources are utilised effectively and efficiently, in coordination with partners and providers.

3. Background

3.1 Public road passenger transport is fundamental to the sustainability and independence of communities because it provides people with access to public services, healthcare, employment, education and training. Inadequate transport provision can be a barrier to the well-being and prosperity of all. Local public sector organisations such as local authorities and clinical commissioning groups play a vital role in providing transport services to meet this need.

3.2 Nationally, around £2 billion of public funding for transport services is currently provided each year by a number of agencies. For example:

- Local bus services support – (£350m pa)
- Home to school Transport (£1bn pa)
- Non-emergency patient transport (£150m pa)

However, this funding is not in general co-ordinated or integrated at a local level, resulting in the likelihood of duplication and potential wastage of public funding.

3.3 In January 2015 the Government announced a new £4 million Total Transport Pilot Fund to which local authorities in England could bid for resources to implement a cross-sector approach to the delivery of supported public road passenger transport services in their area. This Government initiative matched closely with proposals which had already been agreed by Cabinet in December 2014 to develop an integrated transport model to deliver statutory and non-statutory transport services in Northamptonshire through a social enterprise model. The County Council, therefore, made a bid for the available funding, jointly with Buckinghamshire County Council, and received £750,000 funding for the two-year period March 2015 to March 2017. This was the largest award made from the fund to any project in the country.

3.4 Since that time a significant amount of work has been undertaken to develop the project. As reported in the previous Cabinet Report in June 2016, key workstreams have concentrated on collecting data related to journeys for school, college, business health purposes.

3.5 Key to the project is the exploring the development of social enterprise model for a new organisation to provide county-wide data gathering and analysis, and to use the information (on an almost live proactive basis) to procure transport on-demand in a collaborative, intelligent and integrated manner. Cabinet agreed in June 2016 to the development of a business case to determine whether such a social enterprise is a viable option for Northamptonshire.

4. Proposition and Outline Business Case

4.1 The Proposition and Outline Business Case which has been produced by the project team forms Appendix 1 of this Report.

4.2 The document outlines how the Network Northamptonshire Total Transport Project sits within the local and national policy context, and outlines the need for a new approach to ensure that transport outcomes are delivered efficiently and effectively to benefit the whole population.

4.3 The proposition is that this approach will take the form of a social enterprise, established as a stand-alone organisation, which will procure transport services on behalf of the owning partners. The potential partners at this stage are the County Council, Universities of Northampton and Hertfordshire, Northamptonshire Healthcare NHS Foundation Trust and Northampton General Hospital NHS Trust. Each partner would contribute (as appropriate) existing contract spend, staff, expertise or resources to the social enterprise.

4.4 The new social enterprise would need to:

- Demonstrate to public sector organisations that statutory obligations are met;
- Provide local authorities with ways of ensuring that democratic accountability can be demonstrated, and the risk of challenge can be managed;
- Be attractive for existing, and new, transport organisations to join – either on an on-going basis or to contract with it to deliver required transport outcomes;
- Result in increased passenger journeys for less money – each commissioning organisation being assured that they are spending less and less money to deliver more and more passenger journeys;
- Be able to work with transport providers of different size, motivation and culture by providing them with attractive contracts delivered in new, partnership-centred ways;
- Be able to lead on the introduction and use of digital technology;
- Have an income stream to enable the venture to be sustainable – any profits being reinvested in core transport solutions and allied social impact;
- Be staffed by experts in transportation and logistics, able to take advantage of the skills and expertise of a wide range of resources and providers;
- Draw on investment from other sources.

4.5 There are a number of potential forms of social enterprise, and at present the most appropriate form would appear to be a Community Interest Company (CIC). The CIC is designed for venture that want to use their profits and assets for the public good. Although registered as companies in the usual way, a CIC has a statutory 'lock' on its

assets and profits, which restricts distribution of profits or capital, except in limited and define circumstances.

4.6 Key to developing the full business case is determining which of the potential partners, including the County Council, wish to participate in the launch of the social enterprise.

5. Alternative Options Considered.

5.1 As set out in the Proposition and Outline Business Case (Appendix 1) a number of alternative options have been considered. Of these, the social enterprise/CIC model seems the most able to achieve the desired outcomes while preserving the interests of the individual public sector partners.

6. Next Steps

6.1 The current timescale envisages the social enterprise being formed by 31st March 2017 to fit in with the end of the government funding for Total Transport. While this is not a critical date, it brings advantages in terms of being able to use grant-funding (as always intended) to fund some of the costs of establishing the social enterprise.

6.2 The first step in achieving this, as outlined in section 4.6 above, will be to determine formally which of the potential project partners (the County Council, Universities of Northampton and Hertfordshire, Northamptonshire Healthcare NHS Foundation Trust and Northampton General Hospital NHS Trust) wish to become founding partners.

6.3 The next step will be for the founding partners to agree key details of the business, including:

- Nature of the social enterprise to be formed – ie Community Interest Company or other model;
- Objectives and social objects;
- Investment and resource commitment;
- Location and staffing;
- Directors and Share ownership;

6.4 Agreeing these details will allow the company registration documentation to be completed and submitted to Companies House, enabling the social enterprise to be established as a 'shell' company (ie the social enterprise will be formally incorporated as a company, but will not at this stage commence trading or have any staff or assets)

6.5 Alongside this process, work will continue to develop the Full Business Case, to be reported to Cabinet in January or February 2017. Key to developing the Full Business Case will be determining the expenditure, staffing, expertise or resources (as appropriate) which each founding partner intends to contribute to the social enterprise.

6.6 As set out in the June 2016 Cabinet Report, the Full Business Case will need to consider a wide range of issues including:

- Exactly which existing functions of the County Council and other project partners would be performed by the new social enterprise

- The extent to which the County Council and other project partners would need to retain a residual involvement (eg policy-setting or commissioning) in order to maintain their statutory duties and responsibilities.
- The arrangements for risk, cost and democratic accountability
- The staff skills and experience which the organisation will require, and the extent to which existing staff will be transferred under the TUPE regulations from partner organisations, or new staff will need to be recruited.
- Outline an operating budget for the new organisation, and how this will be funded.
- Arrangements for novation and/or termination of any existing contracts relating to these services, including any impacts on the County Council's Highway Service Contract with KierWSP.
- An implementation plan for the roll-out of the new social enterprise.

6.7 The new social enterprise will not become operational until all the founding partners have considered the Full Business Case and made appropriate resolutions to participate through their respective governance arrangements.

6.8 Given the expectation that the social enterprise will become responsible for all transport services delivered on behalf of the County Council, this is likely to involve some of the functions delivered by our Highways Services partner KierWSP and by Olympus Care Services but will not affect delivery of the service on the ground by these organisations. Engagement with these organisations will be critical to understanding the extent to which it will be necessary to transfer staff or assets from them to the new organisation, and the implications of so doing.

6.9 Owing to the complexities involved, it is likely that transfer of functions from the founding partner organisations to the social enterprise will take place on a phased basis beginning in April 2017. Appropriate phasing will be considered in more detail in the implementation plan which will form part of the Full Business Case.

7. Consultation and Scrutiny

7.1 As noted above, extensive consultation with and involvement of a wide range of partner organisations is a key element of the project. Since its launch in June 2015, the project team has already engaged with:

- A number of commercial bus operators and other transport providers eg voluntary and community car schemes, taxis, in-house vehicle fleets
- Buckinghamshire and Oxfordshire County Councils
- Large schools and Further Education establishments e.g. Moulton and Northampton Colleges
- Universities of Northampton and Hertfordshire
- NHS hospitals and Trusts e.g. Kettering General Hospital, Northampton General Hospital
- NHS Nene Clinical Commissioning Group (CCG)
- Campaign for Better Transport
- Chartered Institution of Highways and Transportation

7.2 The experiences of the Northamptonshire project are also been shared with other similar projects through regional and national forums for Total Transport Projects

8. Equality Screening

8.1 An Equality Impact Assessment was undertaken alongside the previous cabinet report in November 2015. This highlighted that any impacts on particular groups would be determined as the project progresses. This will form part of the business case which is to be prepared.

8.2 The Equality Impact Assessment can be found here:

<http://www.northamptonshire.gov.uk/en/councilservices/Council/equalities/Pages/egceia.aspx>

9. Financial Implications

9.1 The current project is fully funded from the Government grant of £750,000. The costs of establishing the social enterprise as a 'shell' company (described in section 6.4 above) will be met from this funding and are estimated to be in the region of £30,000.

9.2 Once the social enterprise becomes operational it will be expected to generate future savings in the revenue budgets of County Council and other partner organisations. More detailed consideration of the costs and savings deriving from the social enterprise model will be included in the Full Business Case.

10. Risk and Business Continuity Management

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
Other project partners do not wish to proceed with social enterprise	Company only being set up as 'shell' at this stage.	Amber
Full Business Case determines that social enterprise is not viable.	Cabinet is only being asked for agreement in principal at this stage.	Amber
Complexities of staff/asset transfer mean that set-up will take longer than expected.	This will explored further in the Full Business Case.	Amber

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Inability to make savings expected from the project.	Red

11. List of Appendices

Appendix 1: Proposition and Outline Business Case

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Background Papers:	Network Northamptonshire Total Transport Cabinet Report June 2016, Agenda No 8.
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so, please outline the timetable here	Full Business Case – January or February 2017
Does the report include delegated decisions? If so, please outline the timetable here	YES. Recommendation 3: formation of company: November 2016 – January 2017.
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: Rosemary Pallot N/A
Has the report been cleared by the relevant Director?	YES Name of Director: Tony Ciaburro
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Ian Morris
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee: Environment, Development & Transport
Has the report been cleared by Legal Services?	YES Name of solicitor: Virginia Moggridge Solicitor's comments: I note the requirement for substantive legal oversight and input to this Project on behalf of NCC, in order to understand and represent the Council's interests as it moves into the business and implementation phase from a broader strategic phase. The considerable legal implications are noted and we will ensure that robust legal advice is given in particular on the implications of the full Business Case when that comes forward, together with the implications of setting up a Community Interest Company, the rationale for which has not been subject to review by legal advisors to the Council. I understand however that this is to be a 'shell' company at this stage and will not trade nor contain assets without full approval from partners and their legal advisers.
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley

Have any property issues been cleared by Property and Asset Management?	N/A Name of officer:
Are there any community safety implications?	None apparent at this stage.
Are there any environmental implications:	None apparent at this stage.
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO. Not at this stage. However, it is likely that there will be TUPE implications to consider as the delivery model is formulated.
Are there any human rights implications:	NO
Constituency Interest:	Countywide