

3 October 2019**Agenda Item:6****REPORT OF CORPORATE DIRECTOR, PLACE****REVIEW OF HIGHWAYS COMMISSIONING ARRANGEMENTS****Purpose of the Report**

1. To seek endorsement for the outputs from the review of the highways commissioning arrangements following the acquisition of Via East Midlands Ltd shares previously owned by Corserv.

Information

2. On 20 May 2015 Nottinghamshire County Council Policy Committee approved the establishment of a joint venture company to deliver highways and fleet management services. Via East Midlands Ltd (Via) commenced trading on 1 July 2016 as a joint venture between the Council and Corserv, a company wholly-owned by Cornwall Council. The majority of the former Highways Division staff transferred into Via which provides highways and transport maintenance services to the Council and externally. Corserv owned 51% of Via, the Council 49%. Dividends were shared equally. There were two Corserv representatives and two Nottinghamshire County Council senior officers on the company board.
3. At Policy Committee on 14th November 2018 approval was given for the Council to acquire Corserv's shares in Via (subject to conditions) and also for further work to be undertaken to review the future governance arrangements and to then report back to the appropriate committee for approval, as necessary. The purchase of the Corserv shares in Via was completed on 29th March 2019.
4. At the Communities and Place Committee on 9th May 2019 Approval was given for review work, to be completed in order to develop the future relationship between Nottinghamshire County Council and Via East Midlands Ltd in a way which enhances the delivery of services to the Council and ensures the continuing success of the company.
5. Part of the approved recommendation from the 9th May 2019 Communities and Place Committee report, was to review the Via Board membership. The outputs from this element of the review were presented to Policy Committee on 18th September 2019 and are not considered further here.

Review of Commissioning Arrangements

6. It is timely for the Council to review its relationship with Via after almost three years of operation and as the new sole owner of the company. Via was set up to provide a more

commercial, agile and flexible highways and fleet maintenance service with better cost control and higher external earnings. As shareholder, the Council benefits from growth in the company's external earnings, and it requires reliability, thoroughness and value for money for the services it receives. Therefore, in reviewing the relationship the Council is mindful of the need for the company to continue to exercise commercial freedom alongside its commitments to its primary customer.

7. The review has aimed to consider whether decisions relating to statutory process and Transport or Highway Policy issues are being made appropriately and communicated and agreed with the requisite support and transparency. Similarly, it is important to the continued success of the arrangement that consistency is applied within and beyond Via in enacting duties and procedures, for example around the traffic management function. The review has also considered whether levels of support, and decision making is consistent and meets expectations across the customer interface and the highway management functions.
8. As well as reviewing the division of responsibilities between Via and NCC, the review has considered the split of highway functions between the Highway and Transport Group and the Planning Group.

Review Considerations

9. Feedback from Councillors during the operation of Via, have been generally good, with some concerns raised about the level of control and influence that NCC has over key highway matters delivered by Via, for example the development of the capital programme and management of utility works. Councillors have also expressed how much they value the District Manager role in Via and in recent times have been concerned about resource levels in that area of work.
10. The importance of communications and ensuring that Councillors are aware of the activity taking place in their areas has been another theme of feedback during the last 12 months, along with clarity as to who is responsible for individual highway functions.
11. Feedback on our approach to winter maintenance communications has been good and it has been suggested that this approach should be extended to inform service users of other elements of our highways activity and how it fits in with the Council's overall objectives

Review Outputs

12. The key findings of the review are set out below

Control and Influence

- Increase client capacity to control strategy and direction including increasing direct liaison over district management matters and asset management and the development of the highway capital programme
- Embedding of a new tree protocol to ensure any tree removals are approved by NCC officers and that County Councillors are consulted
- Returning the lead for our partnership working with Network Rail and NET related matters to NCC from Via

- Return control and function of utility works management to NCC both now and as part of any future permit scheme. This will include the return of the statutory Traffic Manager role to NCC.

Reconfigure Priorities

- Increase District Managers in Via from three currently to five and appoint a dedicated Team Leader for Customer Liaison. It is proposed that this is jointly funded by Via and NCC. With the NCC element of £95k being funded from ring-fenced highway reserves.
- Increase the current District Managers works budget in Via by 50% to help address a backlog of requests for this financial year and next at a total cost of £325k (£105k in 19/20 and £210k in 20/21). It is proposed that this will be funded from ring-fenced highway reserves.

Communications and Customer Care

- Increase the opportunities for engagement with Members through regular updates from District Managers
- Improve accessibility to the service for example through lunchtime drop-in sessions following Full Council and running office-based engagement sessions
- Ensuring road works signing is clear
- Continuing to provide explainer videos and infographics in our communications with the public
- Ensuring customer care training is embedded in Via through induction training, regular updates and formal customer service courses.

Innovation

- Via and NCC build on the current work to innovate, build a culture of innovation in the company and include innovation in the regular updates to Communities and Place Committee

13. It is proposed that the changes outputs from the review detailed above are phased in over the next 3 months.

14. The staffing structure of the Contract Management Team to reflect the additional staff required for the client function is attached at Appendix 1

Other Options Considered

15. The option to continue with the arrangements as they are, has been considered but this would not allow the service to be improved for the benefit of residents.

Reasons for Recommendations

16. The recommendations accord with the decision of the Communities and Place Committee meeting of 9th May and the proposals provide a fit for purpose set of highways commissioning arrangements, whilst allowing Via to continue to exercise commercial freedom alongside its commitments to its primary customer

Statutory and Policy Implications

17. The proposals will continue to allow NCC to fulfil its legal obligations under the various Highways legislation including the Highways Act 1980 and the Traffic Management Act 2004.

Financial Implications

18. These are as set out in para 12 above and comprise of and additional £95k to partially fund the increase in Via District Management staff on a continuing basis and an Increase the current District Managers works budget in Via by 50% to help address a backlog of requests for this financial year and next at a total cost of £325k (£105k in 19/20 and £210k in 20/21). There is capacity to fund the additional client staff from within the existing highways staffing budget.

Human Resources Implications

19. Standard HR processes will apply to the proposed new structure, any staffing changes and any TUPE of staff from Via to NCC that may occur.

RECOMMENDATION/S

It is **recommended** that:

1. Committee endorses the outputs from the review of the highways commissioning arrangements of following the acquisition of Via East Midlands Ltd shares previously owned by Corserv, as set out in detail at paragraph 12 of the report.

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Constitutional Comments (SJE – 02/09/2019)

20. Communities & Place Committee is the appropriate body to consider the content of this report. If Committee resolves that any actions are required, it must be satisfied that such actions are within the Committee's Terms of Reference.

Financial Comments [RWK - 23/09/2019]

21. The report proposes jointly funding, with VIA 2 additional District Managers at an estimated additional cost of £95,000 per annum. The cost in 2019/20 will be less than this as the proposal is being implemented part way through the year. The report also proposes additions to the District Managers works budget of £105,000 in 2019/20 and £205,000 in 2020/21. The cost of these proposals will be funded from the commuted sums reserve for which the current balance is £2.5 million.
22. The report also proposes changes to the structure of the Contracts Management team. The cost of these changes can be met from within the existing budget provision for the team.

Human Resources Comments [JP - 30/08/2019]

23. Any proposals will be subject to a formal consultation period with staff and the recognised trade unions. The County Council's agreed processes will be applied in respect of a revised structure and Tupe provisions will apply where applicable.

Background Papers

- Nottinghamshire County Council Policy Committee 14th November 2018 – "Proposal to acquire shares in Via East Midlands"
- Nottinghamshire County Council Communities and Place Committee 9th May 2019 – "Future Highways Commissioning Arrangements"