

**9 May 2019****Agenda Item:8****REPORT OF THE CORPORATE DIRECTOR OF PLACE****FUTURE HIGHWAYS COMMISSIONING ARRANGEMENTS****Purpose of the Report**

1. To seek agreement to the scope and process for reviewing the matters described below in relation to the commissioning arrangements of Highways following the acquisition of Via East Midlands Ltd shares previously owned by Corserv.

**Information**Background

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 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. Via produced a pre-tax profit of £0.5m for the past year 2016-17 and £1.8m for 2017-18. In addition, Medium Term Financial Strategy (MTFS) savings already committed to by the old Highways Division were passed on to Via through budget adjustments of £0.1m in 2016-17, £0.55m in 2017-18 and £0.4m in 2018-19.
4. The Via set-up included the right for the Council to buy Corserv's Shares under certain conditions. In November 2018, Policy Committee gave approval for officers to acquire the shares by agreement with Corserv or by following the route available to the Council.
5. On 29<sup>th</sup> March 2019 the Council purchased the Corserv shares by agreement, in line with the cost outlined to Policy Committee in November 2018, and thereby became the sole owner of Via East Midlands Ltd. Interim company governance arrangements are now in place.

Areas for review

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. As the only shareholder in Via, the Council is fully responsible for governance of the company. An interim board is currently in place pending approval for a longer term board and a review of how it operates.
8. Appendix 1 summaries the highways and fleet maintenance functions which transferred into Via. With the benefit of almost three years of operation it is proposed to jointly revise some aspects of the division of responsibilities between NCC and Via.
9. The review will aim 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 will also consider whether levels of support, and decision making is consistent and meets expectations across the customer interface and the highway management functions.
10. As well as reviewing the division of responsibilities between Via and NCC, it is intended to review the split of highway functions between the Highway and Transport Group and the Planning Group. It is also intended to review the responsibility for parking issues along with a review of parking policy.
11. Additionally, it is proposed to review the Services Contract between the Council and Via including the performance management framework.
12. While a company with a single shareholder does not need a shareholder agreement, there is a need to retain and review those matters which require shareholder approve, including such items as expenditure and asset disposal thresholds, setting up a subsidiary, actions which might diminish the company's image etc.

### **Other Options Considered**

13. Given the Council's responsibilities as sole owner of Via and that highways is a key service for County Council, the option to not review the arrangements has been discounted.

### **Reason/s for Recommendation/s**

14. 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, so that Via can operate effectively in the Commercial environment and that highway functions are fit for purpose.

## **Statutory and Policy Implications**

15. If any statutory or policy implications arise from the recommended work, they will be taken to the appropriate committee.
16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Data Protection and Information Governance**

17. The recommended work is not expected to have an impact on the privacy of individuals or how the Council manages its information. Should any data protection and information governance implications arise, they will be considered through the Council's data protection impact assessment process.

## **Financial Implications**

18. Financial implications beyond existing budget envelopes are not anticipated.

## **Human Resources Implications**

19. Any human resource implications arising from the review will be set out in future reports to Committee.

## **RECOMMENDATION/S**

1. That approval be given for the work described in paragraphs 7 – 11 above, 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 commercial success of the company.
2. That a report setting out recommendations flowing from the review is presented to Communities and Place Committee in Sept 2019.
3. That a report setting out any recommendations following the parking policy review is presented to a future Policy Committee.

**Adrian Smith**  
**Corporate Director of Place**

**For any enquiries about this report please contact:** Gary Wood, Group Manager Highways and Transport

**Constitutional Comments (SJE – 29/03/2019)**

20. Policy Committee is the appropriate body to consider the content of this report.

**Financial Comments (SES 27/03/19)**

21. There are no specific financial implications arising directly from this report.

**HR Comments (JD 26/3/19)**

22. The human resources implications are explicit in the body of the report.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'

**Electoral Division(s) and Member(s) Affected**

- 'All'