

5 March 2020**Agenda Item: 4**

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

VIA EAST MIDLANDS: UPDATE AND 2019/20 OVERVIEW

Purpose of the Report

1. To update Committee on the development of Via East Midlands Limited in the delivery of highways and fleet management services across Nottinghamshire and its achievements in its fourth year of operation, and to identify any actions Committee may require from the report.
2. The report as presented provides an overview of the performance of Via as a company and is not intended to cover the performance against the service requirements, as set out in the Highways Services Contract, nor the delivery of works programmes. Via's performance against the Performance Indicators defined in the Services Contract is reported on a quarterly basis as part of the Communities and Place Performance Report.

Information

Context

3. On 20 May 2015 Nottinghamshire County Council (NCC) 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.
4. Via was established with a contractual arrangement with the Council through a Highway Services Contract for a period of ten years subject to a possible extension for a further five years. The Contract defines the scope and range of services to be delivered on the Council's behalf. A services specification and performance management framework have been established with the latter regularly monitored and jointly reviewed with the County Council on an annual basis.
5. The Via contract is managed by a small team in the Highways and Transport Group. Monthly contract review meetings take place, with regular meetings also taking place on finance, insurance, asset management and communications. Some highway services notably – flood risk management, elements of rights of way, civil parking enforcement, local transport planning and development control were retained by the County Council. Via are also limited by law in acting on behalf of the County Council in some aspects of highway work and these functions continue to be exercised by the Council.
6. The joint venture company was established as a "Teckal Company" which means that

it is controlled by a Local Authority or Authorities and can trade outside that Local Authority(s) by up to 20% of its turnover and this was introduced into law by the Public Contracts Regulations 2015.

7. In addition to the transfer of staff and initial support from the Council and Corserv, senior staff in Via have established systems, policies and procedures to enable the company to be financially robust, be compliant with relevant legislation, and ensure that it can meet its contractual agreements and the required levels of performance. The company continues to operate in this way and has mid and long-term goals to support continued growth.
8. Following two years of successful operation of Via, Policy Committee at its November 2018 meeting, gave approval for the County Council to acquire 100% of the company shares.
9. After a period of negotiation, the Council purchased the Corserv shares by agreement on 29th March 2019, in line with the cost outlined to Policy Committee in November 2018, and thereby became the sole owner of Via East Midlands Ltd.
10. Following the change of ownership and completion of transitional arrangements of back office services from Cornwall into Via, revised company governance arrangements have now been established.
11. This report and an accompanying presentation by the Managing Director of Via will provide the Committee an overview of progress since April 2019.

Overview of 2019/20 to date

Health, Safety & Environment

12. A key focus for Via remains the health and safety and environmental performance. The safety of employees, sub-contractors and members of the public is paramount and it continues to drive improvements to culture and introduce safety enhancements across the business.
13. During the first 9 months of 2019/20, there were a total of 19 injury incidents recorded with none of these being RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable. Of these 42% were attributable to behaviors and this has remained a key aspect of our health and safety focus during 2019/20. A behavioral safety training course commences in February 2020 with over 70 Managers, Supervisors, Foremen and representatives from Design and Network Management attending.
14. The Via Leadership Team and Team Managers have conducted with safety leadership visits across the business to further improve workforce engagement and to give opportunities to directly discuss any areas of best practice, issues and concerns.
15. During 2018/19 Via recognised the requirement for a series of improvements to be carried out across the depots which are managed by Via but remain in the control of NCC. These improvements included the installation of modern equipment and facilities to support vehicle and depot maintenance and are required to ensure the company is operating in accordance with current legislation and guidance. Work is nearing completion and as such, all depots are of a modern standard with appropriate controls including full spill containment.

Performance and Quality Assurance

16. Since the inception of Via, quarterly performance reports have been provided to the NCC Client Team covering a series of agreed key performance indicators. The indicators include a broad range of service delivery components such as road condition data, casualty reduction information, emergency response times and winter maintenance performance. The first two of these are also reported to the Communities and Place Committee. A review of performance takes place with the NCC Client Team and Via representatives at monthly Term Operational Board meetings. Discussions are currently underway to finalise the Performance Management Framework for 2020/21 which includes a full review of expected targets.
17. Included within the contract with NCC was a commitment that Via would achieve ISO9001 Quality Management accreditation and OHSAS 18001 Occupational Health and Safety accreditation. This to demonstrate a commitment to continued business development and to enhance the opportunities for the company in bidding for external work and improving its credentials in a wider market. The process to be granted accreditation is a rigorous one involving regular assessment from BSI. Accreditation was achieved to both standards during July 2017, which was a major success for the company and one which was celebrated.
18. In March 2019, BSI visited Via to complete a verification visit which was arranged to confirm that Via could be accredited as an independent organisation and removed as a 'location' on the previous Corserv certificates. The BSI auditor confirmed that given Via's Management Systems (certified to ISO 9001 and OHSAS 18001) had not been significantly changed as a result of the planned change of ownership, Via would not need to reapply for accreditation. As such, BSI gave a positive recommendation for Via to be certified as an independent company. This was subject to the submission of evidence of the purchase of the company to BSI's internal Compliance and Risk Team. Certificates for the two standards were subsequently received and are a significant endorsement for the organisation.
19. On 17th January 2020, BSI returned to assess Via's migration from the OHSAS 18001 Health and Safety standard to the new ISO 45001 standard. The assessment was a success and Via have been complimented on the smooth and timely transition.
20. Via is looking to improve performance in areas already accredited and achieve accreditation to the Environmental Management Standard, ISO 14001. The Stage 1 assessment was successfully completed in October 2019 and the Stage 2 assessment will take place during March and April 2020. Achieving the Environmental standard accreditation will be a notable achievement and represent a step forward in being aligned with the industry within which the company operates and supports wider aspirations of the company and the Council to be more aware of the need to factor environmental considerations into all working practices.

Transition

21. NCC purchased Corserv's shareholding in Via at the end of 2018/19, thus becoming the sole owner. The replacement of Corserv's back office support services with in-house Via services was successfully carried out over a six-month transition period from April to September 2019, enabling improvements and efficiency savings as well as ensuring continuity of service. After accounting for the replacement of Corserv's Management Fee with a smaller NCC Support Services Fee, this insourcing has been completed on

a cost-neutral basis overall.

Governance

22. Following the transition, arrangements were put in place to establish a new Via Board of Directors. A new independent Non-Executive Director was recruited to become the Chair with the Board was established following the appointment of two elected NCC Councilors, two NCC officers and the Via Managing Director as board members. Following a handover during January, the first meeting of the new Board took place on the 4th February 2020.

Finance

23. Via produced a pre-tax profit of £0.5m for the part-year 2016/17, £1.8m for 2017/18 and £0.5m for 2018/19. In addition, Medium Term Financial Strategy (MTFS) savings already committed to by the former 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.
24. The year-end management accounts for 2019/20 will be finalised following the March year end and will be subject to independent financial audit. The current year end forecast indicates a total turnover of £69m with a pre-tax profit of £1.1m.
25. The initial draft budget forecast for 2020/21 indicates a total turnover of £52m (excluding Gedling Access Road major capital project) with a forecasted pre-tax profit of £0.5m.

Innovation

26. Via is a strong advocate of identifying and introducing innovation and details have been presented to Members of the Communities and Place Review and Development Committee during 2019 with an update on the achievements realised across a number of innovations reported to this Committee on 30th January 2020. Via continue to work closely with the NCC client team and Members to identify and introduce areas of innovation. The presentations to date have covered the following topics:
- Targeted Gully Emptying
 - Electronic Works Management
 - Self Delivery of Temporary Traffic Management
 - Highway Damage Cost Recovery
 - Recycling of Highway Waste and Arisings
 - LED Replacement of Street Light Lanterns
 - Additional and Improved Road Repair Techniques
27. Opportunities for continual improvement continue to be routinely identified from a variety of sources, including audits, performance monitoring, staff suggestions, and management/leadership and sector networking channels. Collectively these can have an impact on our Quality, Health, Safety and Environmental record, as well as our income and efficiency.

External Clients

28. Via continues to secure a growing pipeline of commercial work from new and existing external clients to support our overall business plan.
29. A recent major success has been to secure the Section 278 highway works for a logistics development at Summit Park, Sutton in Ashfield. This is a £1.3m project which Via which

is scheduled to be delivered between February 2020 and August 2020 on behalf of Bowmer and Kirkland, who are the Principal Contractor for the development. This will be our largest single commercial construction contract to date and demonstrates that Via has the ambition and ability to deliver larger civil engineering projects.

30. Via continues to deliver projects for residential property developers across Nottinghamshire and has recently secured work from William Davis Homes in connection with a new development at Ruddington. We are also engaged in the delivery of street lighting and highways projects for a number of national developers including Bellway Homes, Barratt Homes and Persimmon Homes. A healthy sign for the company is the level of repeat business that is now being secured, which indicates that our clients are happy with the service that we have previously provided.
31. The Via Consultancy Division is successfully building an external portfolio of design commissions and we are also now delivering specialist Ground Penetrating Radar (GPR) survey work for Galliford Try in connection with the new Melton Mowbray bypass. In addition, we are also looking to deliver traffic signal supply and installation work at Anstey in Leicestershire. Delivering projects outside of the Nottinghamshire area remains a continuing aspiration and we are confident we can expand our sphere of operations across the East Midlands.
32. Fleet services is also another target area for commercial growth and we have successfully passed the initial qualification stage for the supply of fleet maintenance for the Nottinghamshire Police fleet of owned vehicles. We are confident that we can secure this contract which builds on our existing successful contract with Nottinghamshire Fire and Rescue Service. Tender documents for this framework are expected to be released in March and if successful, the contract would run for five years and would utilise our newly opened maintenance facility at Queens Drive, Nottingham.
33. We are continuing to build a good working relationship with Arc Partnership and have provided a number of bids in support of works that they are progressing. We successfully completed construction work for Arc at Hucknall Flying High Academy ahead of the new school opening in September 2019. Via Consultancy are also providing design and planning support services to Arc for the Top Wighay development and others being developed across Nottinghamshire.

Service Delivery Achievements

34. During 2019, Via introduced new techniques to provide highway repairs. This included the Archway Roadmaster spray injection patching process and mechanical plane and patching gangs. This project has delivered significant quantities in addition to normal repair techniques and the outcomes of the initial phase of the project have enabled Via to identify the potential value of the equipment on different road surfaces, traffic conditions, and weather conditions. By April 2020, Via will take delivery of new vehicles and equipment to self-deliver this work.
35. Upon completion of the works in November, a small number of sites showed some signs of failure and these were notified to Archway, who then planned remedial works, including covering all of the costs. Not all of the failure sites were completed due to the weather conditions, but Archway provided a commitment to rectify these in the Spring once the weather improved.
36. Through December 2019 a larger number of treated sites were identified as showing signs of failure and these were brought to Archway's attention for a full investigation. In

total, it is estimated that around 73% of the treatment areas have failed.

37. Archway has subsequently carried out a review, to identify the cause of the failures, but to date has not identified any specific reason. Via is currently in discussion with Archway as it is important that Via and NCC are provided with clarity over the failure cause to enable this to be closely monitored and controlled once our own Roadmaster vehicle is delivered and put into operation.
38. Delivery of construction, maintenance and external electrical installation work has grown through 2019 into 2020. Via's Operation's Division is forecast to deliver around £1.8m of external work which will provide a good contribution to overheads and profit from this work activity, and in addition supports our external customers and the ambition of Nottinghamshire for growth across the County.
39. Via has demonstrated a flexibility to respond well to changes in workload from both NCC and the external market over the year. The Programme Management team has supported forward workload planning, which has enabled prompt action to be taken to provide a consistent profile of work for the operational teams and minimising the impact on the supply chain.
40. Via's Consultancy and Operational Delivery Divisions have worked together to improve the understanding of each other's needs and demands which has strengthened relationships and further developed the one-team approach to project development and delivery. This has also maximised the potential for value engineering, cost reductions and minimised impacts upon the highway network.
41. The use of information technology continues to be extended across Via's delivery teams, with tablet devices being deployed across the electrical operations and preventative maintenance teams to reduce reliance on manual, paper-based systems and records, improve access to safety and works planning information, reduce manual data entry, and improve service delivery speed and performance. The next stage of the process is to extend the project to include reactive maintenance works and provide equipment to all remote staff to reduce the administrative burden, whilst improving processes to collect timesheet, job costing, health and safety, and vehicle and plant information. Via has also procured and introduced a new vehicle and plant telematics system to improve security and control of its fleet, reduce costs and provide data relating to vehicle use and driver behavior.
42. In January 2020, Via opened a new vehicle maintenance workshop at Queens Drive, Nottingham in order to meet the needs of our growing fleet business, and to provide a local facility for vehicles from Via, NCC and external clients in the greater / south Nottinghamshire area. The new facility provides additional capacity for maintenance work and MOT testing and capacity to further grow the business. The facility has already generated additional business, and discussions are taking place with important private and public sector clients about supporting their vehicle maintenance needs in 2020.
43. On 1st July 2019, Via commenced the delivery of vehicle and plant maintenance services for Nottinghamshire Fire and Rescue Service (NFRS). This contract has enabled Via to showcase the quality and extent of the services it can provide for NFRS and other potential external clients. Via has delivered the new contract to exacting targets, whilst supporting NFRS to clear historic maintenance backlogs. NFRS regularly compliments Via on the service it provides.
44. Via has recently applied to Lloyds Register to seek entry to the National Electricity Registration Scheme (NERS) to enable Via to become an Independent Connection

Provider (ICP) for electricity networks. Via's operating procedures have been updated and recruitment commenced to allow Via to apply to the local Distribution Network Operator (i.e. Western Power) to directly access their electricity mains network once approval is attained. This will enable Via to connect and disconnect electrical apparatus on the highway network to the electricity mains. This will reduce costs and improve turn-around time for this work, which currently must be bought in. Operation as an ICP will also support Via's services competitiveness in the external market.

45. In November 2019, Via worked in close collaboration with other responders to provide a strong response to floods that hit Nottinghamshire. Via's teams worked around the clock to manage the highway network and respond to the demands from the emergency services and to support the County Council. Over the two-week period Via attended almost 500 separate incidents and delivered 2,000 sandbags. Via continues to carry out follow up work to repair highways damaged by the floods and the prolonged wet and cold periods over the winter period.
46. Via's winter maintenance teams have worked continuously through the winter season, operating a total fleet of 30 gritting lorries covering 1,560 km of priority one routes from four depots. The first winter action took place on 27th October 2019, and since then to the end of January 2020, Via has gritted all 23 priority one routes a total of 43 times, spreading around 8,800 tonnes of road salt, and replenished salt bins as required. Via has also managed the upgrading of two roadside weather stations, at Blyth and Tollerton, to improve weather data and forecasting, supporting the quality of the service provided.
47. Via has worked closely with our key delivery partner, Tarmac and the NCC client team to develop a major maintenance bid in response to the 2019/20 DfT Challenge Fund bid. Each highway authority is eligible to submit one bid for up to £5m and a bid was developed and submitted to address highway maintenance on the A612 / A6097 around Lowdham and Gunthorpe Bridge. An expression of interest was also submitted for the available funding in 2020/21 covering three routes in the County. A decision on the submitted bids for 2019/20 was expected by the end of 2019 but was delayed due to the December national General Election. It is anticipated that DfT will announce the successful bids over the coming weeks.

Damage Caused by the Wettest Autumn on Record

48. The Autumn of 2019 saw unprecedented levels of rainfall with flooding and run-off causing disruption to many parts of the highway network nationally and locally within Nottinghamshire. Ground water levels have risen and have remained high over the Christmas period when the rainfall had decreased to more expected levels.
49. As a result of the significant rainfall, the land and road substrates remain saturated and this carries with it a greater risk of damage to the carriageway when we experience severe or extended periods of frost and ice. This also means that the substrata is not as efficient in carrying loading which in itself creates failure risks due to the 'pumping' action caused by any trapped water.
50. Any level of freeze/thaw in these conditions will cause increased surface failure. To date although we have not seen significant periods of low temperatures or extremely low temperatures, there have been still been notable failures of the carriageway resulting from the periods of significant rainfall and the periods of low temperatures.
51. In addition, the extreme rainfall experienced for storm events such as the recent Storm Ciara and Dennis has resulted in significant run-off of carriageways and from adjacent

land, which has in turn resulted in increased carriageway defects and failures across the network.

Staff Engagement and Development

52. Via undertook an interim staff survey in September 2019 which was designed to check progress against certain key areas, such as customer service and communication, and the action plans developed following our February survey. The results, together with feedback received from our people champions, indicated that engagement of staff in the Via values and vision remains high, at over 80%. As at 31st January 2020 73% of Via employees have elected to voluntarily transfer to Via terms and conditions since Via was formed in July 2016.
53. In September 2019, Via launched its talent and succession planning framework across the Leadership Team and Team Manager population, with the intention that this will be rolled out across the rest of Via employees from April 2020. This has been launched as a measure to mitigate a number of risks that have been identified in respect of Via's ageing workforce and a current lack of formalised succession for key roles and skills. It is a positive initiative to develop new and existing talent and will support knowledge sharing across the different divisions within Via. It will also support the preservation of the skills, knowledge and experience that Via has within the Highways construction industry.
54. In January 2020, Via welcomed 4 new apprentices to our Fleet maintenance team. The apprentices have been recruited across a variety of mechanical disciplines and will support the increased workload following the award of a number of new contracts for Fleet services.
55. In September 2019, the Via Training Centre secured support from the Via Board of Directors to invest in the development of a new bespoke training facility, based at our Bilsthorpe depot. The new training centre will increase our capacity to deliver technical training courses in highways construction design and maintenance by 50% as well as enabling us to offer apprenticeship training in highways construction design as an Employer Provider, regulated by OFSTED. Via is unique in its ability within the East Midlands to offer end to end highways construction and maintenance training and has built up an excellent reputation with many repeat clients over the last 12 to 18 months. It is anticipated that the new facility will be open and trading at the end of May 2020.
56. During the last 6 months Via has focused on developing leadership capability and confidence across our line management population. A new induction programme has been developed and all line managers now have a structured information and development programme that they can use to support their new starters during their first 3 months of employment with Via. In addition, a number of other people activities have been reviewed and tools developed to support line manager self-service.

Other Options Considered

57. This report provides an update to Committee on the development of Via during the first 9 months of 2019/20 financial year, and members of the Committee are asked to consider if there are any further actions and options they would like to take in respect of the report.

Reason/s for Recommendation/s

58. This report highlights the continuing services provided by Via to the Council, stakeholders and for the benefit of residents and businesses across Nottinghamshire.

Statutory and Policy Implications

59. 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.

Financial Implications

60. There are no direct financial implications arising from this report.

RECOMMENDATION/S

- 1) That Committee consider the report and the presentation by Via East Midlands and identifies any actions which may arise.

Derek Higton
Service Director, Place and Communities

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Constitutional Comments (AK 04/02/2020)

61. The report falls within the remit of the Communities and Place Committee under its terms of reference.

Financial Comments (RWK 03/02/2020)

62. There are no specific financial implications arising directly from 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'