

REPORT OF THE CHAIR OF THE TRANSPORT AND HIGHWAYS COMMITTEE**HIGHWAYS AND FLEET MANAGEMENT JOINT VENTURE COMPANY****Purpose of the Report**

1. Following the December 2015 Gateway Review of the Highways and Fleet Management Joint Venture project, and in line with recommendations agreed at the 20 May 2015 Policy Committee meeting, the Chief Executive undertook to provide a further progress report to Policy Committee in February 2016. This paper fulfils that commitment.

Information and AdviceAuthorisation

2. On 20 May 2015 Policy Committee approved the establishment of a joint venture company with CORMAC, a company wholly owned by Cornwall Council, to deliver highways and fleet management services for Nottinghamshire with a target go-live date of 1 April 2016.
3. In consultation with Group Leaders and relevant officers, responsibility was delegated to the Chief Executive to finalise the contractual arrangements and report progress to the Policy Committee.
4. Once the company is in operation, Elected Members will receive regular reports, via the Transport and Highways Committee in relation to the contract performance of the new company. The County Council will continue to set Highways policy and strategy, will determine priorities and will approve the Highways Capital Programme.
5. The primary benefit from the establishment of these new arrangements will be the long term sustainability of a quality Highways service. This will predominantly be achieved by increasing the commerciality of the service and will include greater cost control and transparency, driving efficiency and productivity benefits, operating in a more agile and flexible way and all linked to access to and use of a well-established and successful commercial bid team.
6. On 12 May 2015, Cornwall Council Cabinet also authorised CORMAC to progress the project.

Progress

7. Following Policy Committee approval, and in collaboration with the joint venture partner, a project was established. Progress was reported to the cross-party Member Reference Group

in July, September, October and December 2015. In August, the Chief Executive held a Project Review involving members of the Corporate Leadership Team, CORMAC and NCC’s external legal advisors. Since June 2015 regular briefings have been provided to the staff concerned and face to face staff briefings were undertaken in May and December with the Corporate Director and directors from CORMAC.

- 8. The selection process for the company Managing Director was completed in October 2015.
- 9. The process to develop a company name was completed in November. The selected name (Via East Midlands Ltd), general brand values and look were shared with the cross-party Member Reference Group in December.
- 10. A formal Gateway Review of the project was undertaken in November 2015 by Local Partnerships, a joint venture between Her Majesty’s Treasury and the Local Government Association. The review team was provided with over 40 project documents, conducted a number of interviews and concluded that:

“the proposed JV is a workable and innovative solution which is well conceived and has a good chance of delivering its intended outcomes.”

- 11. The review team made a number of recommendations to support the final stages of the project which are detailed below with associated actions.

Recommendation	Action
12. Develop a simple high level programme to clearly articulate key milestones and a critical path to delivery.	A summary project plan has been produced and shared with the Programme Board since June 2015. The critical path is now clearly defined, articulated and understood.
13. Reconsider the membership the Chief Exec and Section 151 Officer on the new company board owing to the potential for a conflict of interest between their duties for the new company and their roles at NCC.	The Chief Exec and Section 151 Officer will commence as NCC board members. This arrangement will be reviewed at an appropriate time.
14. Establish the Highway and Fleet Management client function.	This work is underway, to be agreed by March to ensure the staff are excluded from the list of people transferring to the new company.
15. Review longer term corporate requirements for back office and client functions.	NCC was already aware of this need.
16. Provide additional resource to lead the project through mobilisation, pending the arrival of the new managing director.	Consideration is being given to appointing a senior external manager to lead the mobilisation phase.

<p>17. Develop a separate risk register to capture the potential strategic risk impacting on NCC.</p>	<p>The Gateway Review concluded that Finance would lead this work. The Highways and Fleet Management Joint Venture project team will ensure that appropriate risks associated with the project are fed into the risk register.</p>
<p>18. Develop a strategy and change programme to define and embed cultural change within the new company.</p>	<p>In consultation with NCC, CORMAC is leading on developing the cultural change strategy. The brand values will be incorporated into this work which will involve staff engagement. The new company MD will be involved as soon as possible. The cultural change programme will run beyond company go-live. This will be actioned as part of a wider review of management structures in the near future.</p>

19. In December the Chief Executive wrote to Group Leaders detailing the actions being undertaken in response to the Gateway Review and, as there was a high degree of confidence that the project remained viable, recommended its continuance into the final stages of completion.

20. Cornwall Council initiated its own due diligence which commenced in early January using PricewaterhouseCoopers to provide a view of the robustness of the new company's financial plans as described in the draft business plan and other documents. This work is expected to have been completed by the end of January.

21. The proposed implementation date is under review with the possibility of a short delay to ensure a robust go-live. This consideration must be associated with the outcome of the Cornwall due diligence in case the due diligence identifies additional work to be done. Therefore, any proposed change to the implementation date will be provided as a verbal update to Policy Committee at the meeting.

22. In January, the Highways and Fleet Management Joint Venture project placed additional emphasis on operational implementation, including the creation of a mobilisation plan. Joint working between CORMAC and NCC managers who will join the new company was stepped up. The mobilisation work includes:

- Extensive communication with staff
- The introduction of commercial management processes
- Staff training on new systems and processes
- Migration of data to new systems
- Essential registrations, eg transport O'Licence, VAT, Construction Industry Scheme (CIS)
- Branding (vehicles, workwear, signage)
- Liaison with external bodies (eg local councils, services, customers, suppliers)
- The establishment of the new company's support services relationships

23. The key governance and contractual milestones are:

- Company name and brand (Completed)
- Selection of Managing Director (Completed)
- NCC due diligence (Completed)
- Cornwall Council due diligence (Completed)
- Business plan
- Shareholders Agreement and Articles of Association
- Company set-up
- Appointment of company board
- Service and support service contracts
- Establishment of client team
- TUPE transfer

24. Work is underway to achieve all of the outstanding milestones.

Other Options Considered

25. An options appraisal was undertaken in 2014.

Reason/s for Recommendation/s

26. To enable Members to be updated on the latest situation with this project.

Statutory and Policy Implications

27. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working 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

28. The financial implications are set out in the draft business plan which formed part of the due diligence undertaken by Local Partnerships on behalf of NCC and by PricewaterhouseCoopers on behalf of Cornwall Council.

Human Resources Implications

29. These were set out in the 20 May 2015 Highways and Fleet Management Joint Venture Policy Committee paper.

Public Sector Equality Duty implications

30. An equality impact assessment has been undertaken and is available as a background paper to this report.

Implications for Service Users

31. As described in the 20 May 2015 report to Policy Committee, access by the general public to highways will remain via the Customer Service Centre, as at present. The new service delivery model will ensure high quality highways services throughout Nottinghamshire for the foreseeable future.

Implications for Sustainability and the Environment

32. It is not expected that there would be any adverse implications as the Council will retain responsibility for Policy

RECOMMENDATION/S

33. Policy Committee is invited to note the progress of this project.

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Constitutional Comments

34. Constitutional comments are not required as this progress report is for noting only.

Background Papers and Published Documents

35. EQIA
Gateway Review report

Electoral Division(s) and Member(s) Affected

36. Not applicable