



REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

VIA EAST MIDLANDS: UPDATE AND 2018/19 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 third 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 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 this change of ownership, interim company governance arrangements have been established.
11. This report and an accompanying presentation by the Managing Director of Via will provide the Committee an overview of progress over the last year.

Overview of 2018/19

Health, Safety & Environment

12. A key focus for Via is 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 2018/19, there were a total of 38 injury incidents recorded with 8 of these being RIDDOR reportable. Of these 58% were attributable to behaviours and a key focus of our health and safety during 2019/20 will be on behavioural safety training and the need for safety to be an instinctive thought for all staff across the organisation.
14. The Via Leadership Team has continued with safety leadership engagement visits and from 1st April 2019, the programme of leadership tours has been extended to Team Managers across the business.
15. In October 2018, SHE (Safety, Health and Environmental) Observation Cards were introduced to raise awareness and reporting of near misses and to improve front-line engagement with regard to SHE issues. Over the year there has been an increase of 448% in near miss reports and positive observations compared with the previous year. This demonstrates the greater emphasis being placed on operating in a safe environment and reacting to issues arising.

16. 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 ownership of NCC. These improvements include 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 guidance. The improvements include installation of new fuel pumps, tanks and positive drainage at Gamston depot. This improves the refueling operations and manages all associated environmental risk of using hazardous substances. Similar work has been carried out at Stephenson Way in Newark and Markham Moor, with further improvements planned for Blyth depot. Thus, all depots will be of a modern standard with appropriate controls including full spill containment.

Performance and Quality Assurance

17. 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 2019-20 which includes a full review of expected targets.
18. 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 under the Corserv banner, which was a major success for the company and one which was celebrated.
19. On 18th 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 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 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. This evidence was provided on 4th April 2019 and confirmation of the certificates for the two standards is now awaited and will be a significant endorsement for the organisation.
20. Over the next year, Via is looking to improve performance in areas already accredited and achieve accreditation to ISO 14001 (Environmental Management). As this is a new standard for Via, both a Stage 1 and Stage 2 assessment will be required. The dates for these visits will be confirmed in time and are expected in early 2020. The works at the depots, as previously described, very much support this goal. 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.

Finance

21. Via produced a pre-tax profit of £0.5m for the part year 2016/17 and £1.8m for 2017/18. 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.
22. The year-end management accounts for 2018/19 are currently being finalised and are subject to independent financial audit. These indicate a total turnover of £61m with a pre-tax profit of £0.5m.
23. The budget forecast for 2019/20 currently indicates a total turnover of £54.5m with a forecasted pre-tax profit of £0.5m. The budget for this financial year includes the costs of transition of the support services from Corserv to Via.

Innovation

24. 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 on the 31st January and 21st March 2019. There is strong collaboration between the NCC client team in identifying and introducing these areas of innovation. The presentations 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
25. Opportunities for continual improvement are routinely identified from a variety of sources, including audits, performance monitoring, staff suggestions, and management/leadership and sector networking channels. Collectively these can have a big impact on our Quality, Health, Safety and Environmental record, as well as our income and efficiency.:

External Clients

26. A major success for Via has been to secure through competitive tender the fleet maintenance contract from Nottinghamshire Fire and Rescue Service. The new 5+3+2-year contract will commence on 1st July 2019. The expected contract value is around £6m over the first five years and will substantially increase the turnover of the Fleet business. This is a significant service for Via to provide and is a major achievement for the fleet operation which will raise the profile of the organisation in the region.
27. Via is continuing to deliver projects for commercial clients and has secured £300k of construction projects which will be delivered by Operations during Quarter 1 of the 2019-20 financial year. A rolling schedule of current projects that have been secured is

maintained which provides a forward looking 12-month programme, together with a register of current live bids issued to external clients.

28. Over the last 2 years, Via has developed relationships with a number of national, regional and local clients and we are seeing an increase in repeat work packages being secured. These clients include housebuilders, medium sized contracting organizations, local authorities and small businesses / individuals.
29. Examples of recent successful Via commercial bids are for £26,000 worth of detailed design work for a new signaled crossing as part of a new logistics development at Castlewood Grange near Sutton in Ashfield. We have also recently submitted a design and construction bid to the Arc Partnership for a development site in Eastwood. It is hoped that Via can form a productive partnership with Arc and in addition to supporting each other in the development of projects on behalf of NCC, also serve to provide other reciprocal opportunities.
30. The company has also continued to secure many smaller scale projects for street lighting works, electrical works, relocations of lighting columns and new vehicle accesses which generates around regular work packages for our Operations teams each month. The design consultancy has completed almost 100 commissions on behalf of over 40 external clients. These projects dovetail well in the works programme and fit into the small gaps between scheduled commitments of work for NCC.
31. The management team is confident that the company can continue to grow the commercial aspects of the Via business and are always looking to add new clients to the portfolio to give the Via business a broader base and greater market presence. A formal commercial business growth action plan is being developed as part of broader business planning activities for 2019/20 and the company continues to strive to become a key provider of engineering services in the East Midlands without impacting upon the delivery of the NCC programmed and reactive work which are the foundation of the company's activity.

Service Delivery Achievements

32. Since its inception in July 2016, Via has continued to provide NCC with the majority of the highway service including all planned and reactive highway works. Each year a full programme has been delivered or where necessary reprogrammed in agreement with NCC.
33. During 2018/19, 114,205 pothole and road repairs were carried out, almost 60,633 square meters of carriageway and footway patched in addition to the completion of over 250 capital road repair projects including the surface dress programme. Via works in partnership with Tarmac and uses it's in house Operational Teams to deliver the NCC annual capital of road repair schemes and does so successfully and is confident that the additional £20m made available by NCC for such activities will be programmed and delivered well over the forthcoming years. Since 2017, a programme of tar recycling has been introduced which seeks to re-use contaminated material taken from the carriageway during maintenance works. As part of the 2018/19 programme, 9,500 tonnes of material has been recycled working with delivery partner Tarmac using its innovative Ultifoam product. This has generated savings in the region of £500,000, with the development of future year programmes now being put together with this recycling

initiative specifically in mind.

34. Via has worked closely with NCC client team to successfully bid to the Department for Transport and achieve band 3 status in the Incentive Fund process which has resulted in the authority being awarded around £2.5m of additional funding for road repairs for this year. This is a great success and demonstrates that the road network is being maintained in keeping with the highest DfT expectations and is being done so using asset management principles.
35. Over 650 street lighting columns were replaced during 2018/19 at over 20 sites as part of the annual replacement programme delivered across the County. Working in partnership with NCC, the programme takes advantage of an interest free loan offered by Salix, a not for profit government funded organization. This enables the installation of LED lanterns generating significant energy savings and a reduction in reported street lighting faults.
36. The reactive service also includes incident response to such events as the 'beast from the east' and other storms. During Winter 2017/18, Via teams excelled in keeping Nottinghamshire moving, drawing praise from NCC and County Councillors, along with significant positive comments on social media channels. Currently the company operates a total fleet of 30 gritting lorries covering 1,560 km of priority one routes, to service this the company holds 20,000 of salt stocks across four depots.
37. Working with partners NCC and Bassetlaw District Council, Via has been responsible for the design and construction of the A57 Shireoaks Common Roundabout improvement scheme which increases junction capacity and unlocks adjacent land for development which is estimated to create around 915 jobs.
38. Via continues to provide a highly regarded Road Safety Cycle Training programme on behalf of NCC and between April and August 2018, delivered training to 4,867 young people. Additionally, over 17,000 people benefitted from road safety education provided by Via over a 6 month period during 2018/19.
39. To assist in the delivery of programmes of work, Via engages services from a selection of 57 companies who have been appointed onto our sub-contractor Framework. Across this framework, 33 companies are based within Nottinghamshire, with our spend through these local sub-contractors totaling £8.1m over the last year.
40. During 2018/19, Via has submitted bids for a number of industry awards and was delighted to be recognised by Institution of Civil Engineers, The Association of Public Service Excellence (APSE) and the considerate contractor's initiative.
41. A key area of attention across the organisation in 2018/19 has been to review outward facing communications and to that end has posted films on the website and through social media to explain for example how road repairs are carried out and how the gritting operation works. Both have included staff in these and they have been well received. The company continues to deal with over 46,698 customer inquiries per year and is very conscious of the need to be attentive, proficient and represent the authority well in dealing with these.

42. More information regarding in year success and services provided is included in the 2019-20 business plan and will be a key part of the company's website which is currently being revamped for a launch in Summer 2019.

Staff Engagement and Feedback

43. Via's third annual staff survey was undertaken during February 2019 and achieved an overall completion rate of 67% which is 2% higher than the 2018 survey and 32% higher than our first survey in 2016.
44. This year Via introduced an overall staff engagement score, which is intended to be a measure of how engaged employees are to Via, it's culture and our overall purpose as an organisation. Our overall engagement score was 80% which in view of the amount of change that Via has gone through in the last few years we consider to be a significant achievement.
45. The results of the staff survey were reviewed with our People Champions in early April. The People Champions are a group of representatives from across all parts of the business that meet with Via Leadership team on a regular basis to enable a two-way voice for staff to provide feedback on ideas and suggestions. Following this meeting, divisional action plans based on the survey feedback are being created and will be shared with teams at the end of May.
46. During 2018/19 Via welcomed 6 apprentices into the Operations Division whom will embark on appropriate qualifications relating to highways and electrical operations. Additionally, over 20 existing employees have embarked on ILM training courses to support the company's development of future talent.
47. The above information highlights the performance up to and especially during 18/19 identifying areas of growth, innovation, partnership working. Via are keen to build on the success of the first 3 years and to continue to work collaboratively with NCC to deliver quality service, whilst generating external income to benefit the residents of Nottinghamshire.

Other Options Considered

48. This report provides an update to Committee on the development of Via during the 2018/19 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

49. 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

50. 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

51. Any data protection and information governance implications arise, they will be considered through the Council's data protection impact assessment process.

Financial Implications

52. 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.
- 2) That Via submits an update report in this format on a bi-annual basis to Committee.

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Constitutional Comments (EP 29/04/2019)

53. The Communities and Place Committee is the appropriate body to consider the content of the 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 08/05/19)

54. 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'