

## **REPORT OF THE SERVICE DIRECTOR HIGHWAYS**

### **ESTABLISHMENT OF VIA EAST MIDLANDS LIMITED**

#### **Purpose of the report**

1. To update the committee on progress with the establishment of Via East Midlands, the joint venture company owned by Nottinghamshire County Council (NCC) and CORSERV (a company owned by Cornwall Council) to undertake most Highways Division and all Fleet Management / Maintenance functions.

#### **Background**

2. Members will be aware that the Policy Committee meetings of 20<sup>th</sup> May 2015 and 10<sup>th</sup> February 2016 gave the Chief Executive delegated authority to continue with due diligence and the establishment of the joint venture company Via East Midlands Limited.
3. Negotiation between the parties and due diligence was concluded during May 2016 and contracts were signed by all parties on Friday 20<sup>th</sup> May. The signed documents comprise:
  - Shareholders' Agreement
  - Put and Call Option
  - Service Contract
  - Collaboration agreement

#### **Information and Advice**

4. The company will become fully operational from 1st July 2016 and immediately be responsible for the delivery of Highways and Fleet Management / Maintenance services in Nottinghamshire, as defined in the Service Contract and associated schedules.
5. Via East Midlands Ltd is now established as a company with a 51% shareholding by CORSERV and a 49% shareholding by NCC. Its non-executive directors are Anthony May, Nigel Stevenson, Arthur Hooper (CORSERV) and Simon Deakin (CORSERV). It is a Teckal company and as such is allowed to trade externally up to a value below 20% of its turnover. This external trade will be important to the longevity of the company but it has

realistic ambitions about the pace at which this business can be delivered and will remain committed to fulfilling its basic obligation to deliver services to Nottinghamshire.

6. Doug Coutts has been appointed as Managing Director and is due to join the company on 1 July. Highways Division and Fleet Management / Maintenance have been operating an interim management structure since April, this will continue as a 'Day 1' Via operating structure and will be reviewed during the first year of operation. This structure is included as Appendix 1 to this report. This structure retains existing key points of contact for Members including the District Manager positions none of which are altered.
7. On the 1<sup>st</sup> July 622 staff comprising 459 FTEs will TUPE transfer from NCC into the new company. All transferring staff will retain existing NCC terms and conditions, with the option to transfer onto a new set of terms and conditions which were shared with staff in May 2016 if that is a preference. The option to transfer is an open one and not for a limited time period.
8. Services not transferring into Via will remain within NCC as the Environment and Highways Group within Place Department, this retained client structure is included as Appendix 2 to this report and is shown by function. Within this group is a team responsible for managing NCC contracts and the relationship with Via.
9. Via will provide monthly performance reports to the retained client team and this is governed by a set of Key Performance Indicators which for year 1 are not designed to be punitive and can be reviewed as the contract progresses. The Highways Performance Report will continue to be presented to Transport and Highways Committee on a Quarterly basis.
10. The annual programme of capital works will continue to be presented to Transport and Highways Committee for approval as at present. This being a report in October with a proportion of the subsequent years programme included for approval followed by a report in March confirming the entirety of the programme including reserve projects. The content of these programmes will be developed jointly by Via and the NCC retained team.
11. All reports pertaining to considering objections to Traffic Regulation Orders will also continue to be brought to Transport and Highways Committee as at present.
12. Via will be required to respond to enquiries, requests and complaints from the public, local councils, county councillors, Members of Parliament and the emergency services and to deal efficiently and effectively with customer complaints at all times. The company will comply with the Council's complaints procedure and for any escalated corporate complaint will continue to use the NCC complaints team for support.

13. Nottinghamshire residents will continue to report highways related issues using the Customer Service Centre and public website.
14. Most external and third party contracts related to services transferring into the new company have been novated from NCC to be under the auspices of Via. This includes the existing Maintenance Term Contract with Tarmac, this will be managed and monitored directly by Via.
15. No further revenue budget reductions are planned for 2016/17. Should any revenue funding reductions be initiated by NCC in future years the contract requires Via to feedback to the retained client on the implications of any such reductions and if necessary service delivery specifications may be reset.
16. A number of briefing sessions for County Councillors are organised which will allow staff to advise of key contacts within Via and to outline any operational changes that Members need to be aware of. Members will be able to raise and clarify any issues at these sessions with officers representing both Via and the retained client.

## **Reasons for Recommendations**

17. The report is for information only.

## **Statutory and Policy Implications**

18. 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**

19. The financial implications were 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.

## **RECOMMENDATIONS**

20. That Committee notes the contents of the report

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### **Constitutional Comments**

This report is for noting only. Therefore Constitutional comments are not required.

### **Financial Comments (IC 15/6/16)**

Report contains no direct financial implications and is for information only.