

Transport, Economy, Environment and Enterprise Overview and Scrutiny Committee

10 July 2023

NY Highways Performance and Progress

Report of the Corporate Director - Environment

1.0 Purpose of Report

- 1.1 To provide members with an update on the progress and performance to date of NY Highways (NYH), the Council's company for the operational delivery of highway services.

2.0 Key Background Information

- 2.1 A highway delivery options exercise was undertaken in 2018/19 to determine the mechanism for the operational delivery of highways services. In April 2019 the Executive approved the implementation of a wholly owned "Teckal company" to deliver the highways operational services. A Teckal company was recommended as the preferred way forward as this would provide greater flexibility for the (then) NYCC. Future years capital budgets were unclear, it was clear that innovation and efficiency needed to be a main driver for a replacement Highway Maintenance Contract. Upon the approval of the Teckal company a 5 Year Plan was developed which contained the following goals:

- 2019/20 and 2020/21 Development of NY Highways (years 1 and 2)
- 2021/22 Implementation of NY Highways (year 3)
- 2022/23 and 2023/24 Review performance of NY Highways (years 4 and 5)

- 2.2 NY Highways is currently in Year 5 of the 5 Year Plan and has embarked on undertaking collaborative reviews with Council colleagues on current and future ways of working that promote innovation and efficiency throughout its services.

- 2.3 A number of achievements were recognised in the report to the meeting of the Committee on 11 July 2022 relating to the 2021/22 year, including:

- Seamless mobilisation of NY Highways
- Successful delivery of the winter service
- Delivery of the Capital schemes programme
- Storm Arwen response
- Introduced new methods of service delivery
- Release of 5-year carbon plan which has been approved at NYH Board meetings.
- Off-Grid Power
- Secured £15k Local Council Road Improvement Group (LCRIG) Innovation funding
- Roll-out of the Connected Safety Net (CSN) applications for Safety and Audit
- Roll-out of a pilot scheme for KaarbonTech Gully solution
- Roll out of public satisfaction questionnaires via QR code
- Development of AI Cameras to automate Near Miss recording
- Introduction of Depot Supervisors
- Delivery of Private external works
- Accreditation for Highway Electrical Association membership
- Power BI reporting suite
- Agreement with NYCC of outcome-based performance indicators
- Recruitment of 7 apprentices across the business
- TUPE transfer of NYCC and Ringway staff

- 2.4 In a similar manner, NYH set out a number of initiatives for 2022/23, aimed to add value to its business:
- NYCC budget savings - delivery of £350k of efficiency savings (revenue)
 - Employing Apprentices - 14+ apprentices within 2022/23.
 - Increase the operational staff base and resilience
 - Continue to develop staff across the business to reach their full potential.
 - “lunch n learn” events
 - Trial innovative and new ways of working
 - Staff restructure around task-based specialisms
 - ISO accreditation - ISO 9001, 14001 & 45001 accreditation for the company,
 - Review Schedule of Rates (SoRs) - Continue to undertake cost/value reporting to enhance the accuracy of the cost base and drive out further efficiencies.

3.0 Review of 22/23

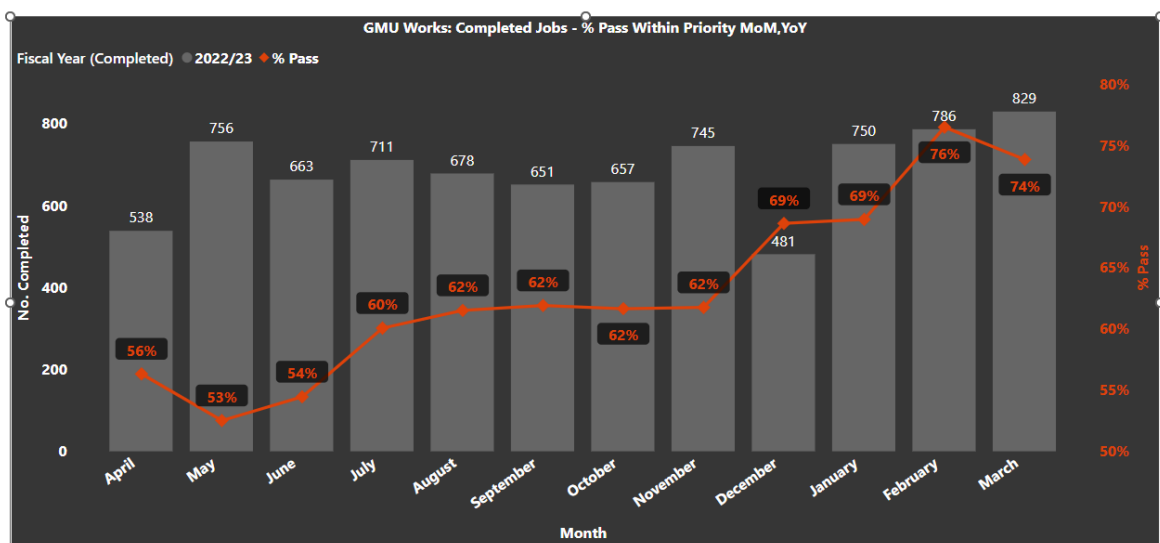
- 3.1 A review of the 2022/23 year has seen NYH achieve a number of significant successes.
- 3.2 Budget savings for NYCC - £350k of efficiency savings for NYCC in revenue activities during 2022/23 was achieved through the continued use of Spray Injection Patching.
- 3.3 Apprentices (employing) 14+ apprentices within 2022/23) - this figure was exceeded, with a total of 18 apprentices across the business (14 Operations, 3 Fleet workshops, and one business support). The turnover rate was low, with only three apprentices moving on to other opportunities outside of NYH.
- 3.4 Increase the operational staff base and resilience – NYH is also developing a “fast track” programme of training for new employees that are new to our industry. Due to a shortage of construction/highway operatives, NYH is looking to attract employees from other industries and re-train/up-skill them in order to meet its staffing requirements. In addition to this, a succession planning model is being developed alongside a robust recruitment strategy that targets both geographical areas and skills shortages.
- 3.5 “Lunch n learn” events continue and are well attended from colleagues across NYH, NYC plus partner consultants WSP & APP to increase staff awareness of products and services available within the marketplace. This contributes to employees’ Continuing Professional Development and links in with trials of innovative / new ways of working to increase efficiency, better quality, better whole of life costs, improved customer satisfaction, etc. At the time of writing, ten such sessions will have been delivered since April 2022 ranging from asphalt preservation to use of warm mix materials to in situ recycling, all of which assist in reducing NYHs carbon footprint.
- 3.6 The Staff restructure was reviewed in December 2022, with a revised version of the proposal implemented in January 2023, the new structure minimises wasteful travel time between depots whilst embracing the benefits of a consistent county-wide delivery model by assigning ‘champions’ to each of the major areas of operational service delivery (Winter / Cyclic Maintenance, Minor Works and Major Works). Impacted staff were engaged with through a series of meetings and responded in a very positive manner to the revised structure proposal. Since the new structure was introduced, a series of workshops has also been held alongside ongoing roadshows in order to embed countywide the standardisation of processes, quality, best practice. Alongside this, greater integration into the depots of teams normally based in ‘Head Office’ at Finkills Way is also adding value in terms of internal and cross-partnership collaboration.
- 3.7 ISO accreditation – work to achieve ISO 9001, 14001 & 45001 accreditation for the company is now well underway. NYH have appointed an auditor and Stage 1 (Audit of all paperwork) will be completed by September 2023 with the second stage (audit of Operations) before December 2023. Gaining these accreditations will create more tendering opportunities for NYH within the teckal operating model rules.

3.8 Review Schedule of Rates (SoRs) – NYH continue to undertake cost/value analysis and reporting to enhance the accuracy of the cost base and drive out further efficiencies and benchmarking against the National Schedule of Rates is now being used as a comparator. This allows a greater transparency and more accurate means of measuring efficiency as opposed to comparison against outdated inaccurate rates from previous contracts, especially as some rates were loss-leaders where true costs may have been balanced against cost recovery from other more profitable elements of the wider contract.

3.9 Other notable achievements include:

3.9.1 KaarbonTech Gully emptying programme - 85% of the whole cyclic programme was completed in 2022/23 - a 10% improvement on the previous year. Of those gullies attended, 93.2% did need cleaning, showing the risk based / data-led programme is working. The risk-based approach has identified some 65% of the total gully stock requires regular attendance, so at a rate of £13.52 per gully, the annual budget for scheduled cleanses is approx. £1.4m as opposed to the £2.1m it would cost if all gullies were being attended as was the case prior to the KaarbonTech programme coming into play.

3.9.2 Revenue Maintenance works – response to defects completed within the timescale set on works orders has improved dramatically in the last year. During the first year of NYH, less than 50% of works orders were completed on time; during the past twelve months this figure has increased month on month to a point where now 75% of repairs are completed on (or before) time as shown in the table below. Work to further improve this figure continues by restructuring gangs as well as deploying a range of repair techniques coupled with the introduction of expected output levels linked to individual and team appraisal targets. There is also a strong drive on right first time / fix once approach being instilled into the workforce alongside ensuring the most appropriate and cost-effective solution is enacted.



- 3.10 A review of objectives contained in the NY Highways 22/23 business plan also evidences:
- Delivery of a high quality and effective winter service during the 22/23 season – over 6,000 treatments of the network undertaken on time, professionally managed and without incident
 - internal client relations have enhanced significantly in the third and last quarter of 22/23. This is due to a team approach and some senior staff changes. The introduction of NYC employees into key NY Highways positions has allowed an end-to-end process review; internal NYH / NYC relationships continue to improve, and the efficiencies gained in the cross-pollination of staff has not gone unrecognised
 - subdivision business opportunities being achieved via Street Lighting having gained accreditation which allows it to tender and secure works in the commercial sector.

- a significant step in Q3 and 4 towards better integrated and refined financial systems to assist in more-effective financial management within NYH

4.0 Health and Safety

4.1 Health and Safety remains of paramount importance to NY Highways. The table immediately below shows that, overall, performance figures for 22/23 were positive. Alongside the challenge to improve these figures, targeted campaigns have already been introduced to address the accident frequency rate. For example, particular focus is being placed on reducing vehicle accidents/incidents.

Safety	22/23 Target	Year-end figures
Accident frequency rate	<.25	0.26
RIDDORS	<15	0
Days lost to personal injury accidents	<350	25
% of Inspections and Audits without a non-conformity	>85%	94%
% of Risk Assessments Reviewed	>90%	None outstanding
Number of missed Occupational Health monitoring appointments	<5	None Missed
Number of health & safety campaigns	4	4

5.0 Forward Look

5.1 The 23/24 NYH Business Plan describes the future aspirations of company, some of the key points being:

- ongoing review of pricing structure for works including refinement of cost value comparison and evaluating all rates from a first principal basis, benchmarked against National Schedule of Rates
- review and rationalisation of vehicles and equipment to better support effective and efficient service delivery (including future gritting fleet needs), through a rolling replacement programme.
- continue to keep workforce engaged in 'you said / we did' meetings and other forums as aimed at sharing best practice, removing inefficiency and identifying / addressing barriers to effective service delivery
- achieving certification of ISO standards
- deliver shareholder returns (linked to the market rate of interest return to the Council on the loan from NYC in 23/24 alongside the use of NYC services via Service Level Agreements and profitability of the company)

- 5.2 In addition, NYH will also
- work even closer with NYC to create efficiencies and encourage innovation/ new ways of working in order to support in the delivery of the savings targets within the NYC Medium Term Financial Strategy
 - in a broader sense, similar efficiencies will also be explored in terms of the working relationship between NY Highways and North Yorkshire Council's Waste, Highways and Street Scene teams Continue to deliver the 5-year carbon plan, with the main focus being to Eliminate, Reduce, Substitute & Compensate for carbon wherever possible. The carbon plan outlines numerous initiatives that will lower the carbon outputs of the highway service via a targeted and specific 5-year programme and using the NYH Carbon Calculator tool, which is gaining national recognition.
 - see full embedment of the KaarbonTech gully programme, thus bringing further efficiency improvements in the numbers of gullies attended / emptied, as well as a reduction in non-scheduled orders as a consequence of this targeted risk-based approach.

6.0 Alternative Options Considered

- 6.1 As per para 2.1, the teckal delivery model was approved as the preferred way forward for delivery of the highways service, therefore no alternative options have been considered as part of this report.

7.0 Financial Implications

- 7.1 There are no financial implications arising directly as a result of this report as it provides an update on progress. One of the founding principles of the teckal approach was, through closer working with the Council, to deliver more for the same money or the same for less money. As part of this philosophy, the range of options considered on an operational level is being continually evaluated and evolved in order to ensure maximum efficiency and value for money in how things are delivered on the ground (pothole repair techniques, for example).
- 7.2 Revised rates and unit costs are being compared with the National Schedule of Rates for such works in order to evidence value for money as part of a suite of tangible metrics to be further developed through 23/24. In 22/23, NY Highways supported the Council to achieve £350k efficiency savings in this area.
- 7.3 Work is currently being undertaken to comprehensively capture both cashable and non-cashable savings in order to fully evidence the benefit of this truly collaborative approach.

8.0 Legal Implications

- 8.1 NYH is a "Teckal company" which means it is able to trade with the Council, without the Council needing to go through a procurement exercise, as well as external customers. In order to maintain teckal exemption status, it must show that it is controlled by the Council and undertakes at least 80% of its activities for the Council. Currently, NYH undertakes in excess of 98% work for the Council and is compliant with the teckal exemption requirements.

9.0 Equalities Implications

- 9.1 An initial equalities impact assessment form was completed and is included as Appendix A. The assessment of this report concluded that there is no impact on people with protected characteristics.

10.0 Climate Change Implications

10.1 A Climate Change Impact Assessment has been undertaken and is included as Appendix B. Of particular note is the 5-year Carbon Plan, which positively contributes towards the reduction in carbon used when delivering the highways services. The Carbon Counting tool developed by NY Highways is gathering momentum and gaining recognition on a national platform

11.0 Conclusion

11.1 In its first year of operation NYH met and exceeded the expectations of a business start-up delivering a service on one of the largest highway networks in the UK. The NYH Vision, Mission and Objectives of 22/23 were to *“become a nationally recognised brand, famous for our progressive and innovative drive to continually adapt to a changing world.”* These aspirations continue to feature in NYH’s approach for 23/24

11.2 Alongside this, there will also be a strong focus in 23/24 on continuing to provide the service that North Yorkshire requires to keep the highway network safe and fit for purpose through robust processes that demonstrate the value of the teckal arrangement over other procurement routes. NYH will achieve this by concentrating on service delivery, strong financial reporting, forecasting and budget control. In addition NYH will build and develop a workforce that is fit for the future, using its teckal position to deliver best in value for North Yorkshire Council and in a wider trading environment. NY Highways (NYH) remains committed to making a meaningful, positive impact on local communities by contributing to resilience, safety, sustainable economic growth as well as respecting and enhancing the environment whilst continuing efforts to reduce the carbon footprint of the business following the release of the 5-year carbon plan.

12.0 Recommendation

12.1 Members are requested to note the information within the report and offer comments or suggestions where necessary.

APPENDICES:

Appendix A – Equalities Impact Screening Form

Appendix B – Climate Change Impact Assessment

Karl Battersby
Corporate Director – Environment
County Hall
Northallerton

21 June 2023

Author: Nigel Smith, Interim Head of Operations NY Highways / Head of Highway Operations NYC

Barrie Mason, Assistant Director - Highways and Transportation, Parking Services, Street Scene, Parks and Grounds

Jamie Crumlish, Managing Director - NY Highways

Background Papers – Scrutiny Committee report of July 2022

For further information please contact the author of the report

Initial equality impact assessment screening form			
<p>This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.</p>			
Directorate	Environment		
Service area	Highways and Transportation, Parking Services, Street Scene Parks and Grounds – Highway Operations		
Proposal being screened	Annual report on the progress and performance of NY Highways		
Officer(s) carrying out screening	Nigel Smith – Interim Head of Operations, NY Highways / Head of Highway Operations NYC		
What are you proposing to do?	To provide members with an update on the progress and performance to date of NY Highways, the Council's company for the operational delivery of highway services.		
Why are you proposing this? What are the desired outcomes?	This report is an update for members on the progress of NYHighways for the 2022/23 financial year. There are no outcomes other than ensuring that members are aware of how the Teckal company has performed during the past financial year.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	No		
<p>Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC's additional agreed characteristics. As part of this assessment, please consider the following questions:</p> <ul style="list-style-type: none"> To what extent is this service used by particular groups of people with protected characteristics? Does the proposal relate to functions that previous consultation has identified as important? Do different groups have different needs or experiences in the area the proposal relates to? <p>If for any characteristic it is considered that there is likely to be an adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your Equality rep for advice if you are in any doubt.</p>			
Protected characteristic	Potential for adverse impact		Don't know/No info available
	Yes	No	
Age		✓	
Disability		✓	
Sex		✓	
Race		✓	
Sexual orientation		✓	
Gender reassignment		✓	
Religion or belief		✓	
Pregnancy or maternity		✓	
Marriage or civil partnership		✓	

NYCC additional characteristics			
People in rural areas		✓	
People on a low income		✓	
Carer (unpaid family or friend)		✓	
Does the proposal relate to an area where there are known inequalities/probable impacts (e.g. disabled people's access to public transport)? Please give details.	This is a Members' report on the performance of NYHighways. There are no proposals that would impact on people with protected characteristics.		
Will the proposal have a significant effect on how other organisations operate? (e.g. partners, funding criteria, etc.). Do any of these organisations support people with protected characteristics? Please explain why you have reached this conclusion.	No		
Decision (Please tick one option)	EIA not relevant or proportionate:	<input type="checkbox"/> Yes	Continue to full EIA: No
Reason for decision	This is a report for information only. There are no adverse impact on any of the protected characteristics.		
Signed (Assistant Director or equivalent)	Barrie Mason		
Date	29 June 2023		

Climate change impact assessment

The purpose of this assessment is to help us understand the likely impacts of our decisions on the environment of North Yorkshire and on our aspiration to achieve net carbon neutrality by 2030, or as close to that date as possible. The intention is to mitigate negative effects and identify projects which will have positive effects.

This document should be completed in consultation with the supporting guidance. The final document will be published as part of the decision making process and should be written in Plain English.

If you have any additional queries which are not covered by the guidance please email climatechange@northyorks.gov.uk

Version 2: amended 11 August 2021

Please note: You may not need to undertake this assessment if your proposal will be subject to any of the following:

Planning Permission
Environmental Impact Assessment
Strategic Environmental Assessment

However, you will still need to summarise your findings in the summary section of the form below.

Please contact climatechange@northyorks.gov.uk for advice.

Title of proposal	Annual report on the progress and performance of NY Highways
Brief description of proposal	To provide members with an update on the progress and performance to date of NY Highways, the County Council's company for the operational delivery of highway services.
Directorate	Environment
Service area	Highways and Transportation, Parking Services, Street Scene Parks and Grounds – Highway Operations
Lead officer	Nigel Smith – Interim Head of Operations, NY Highways / Head of Highway Operations NYC
Names and roles of other people involved in carrying out the impact assessment	Barrie Mason - Highways and Transportation, Parking Services, Street Scene Parks and Grounds – Highway Operations
Date impact assessment started	1 June 2023

Options appraisal

Were any other options considered in trying to achieve the aim of this project? If so, please give brief details and explain why alternative options were not progressed.

The teckal delivery model was approved as the preferred way forward for delivery of the highways service, therefore no alternative options have been considered as part of this report

What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result, detailing estimated savings or costs where this is possible.

As part of this preferred delivery model, it was acknowledged this would provide greater flexibility for the (then) NYCC. Innovation and efficiency, alongside an ongoing challenge to reduce unit cost and deliver as much for the same budget or the same for less budget are an integral part of the operating model. Efficiencies and savings have been outlined in detail in the main body of this report

APPENDIX B

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	<p>Positive impact (Place a X in the box below where</p>	<p>No impact (Place a X in the box below where</p>	<p>Negative impact (Place a X in the box below where</p>	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> • Changes over and above business as usual • Evidence or measurement of effect • Figures for CO₂e • Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>	
<p>Minimise greenhouse gas emissions e.g. reducing emissions from travel, increasing energy efficiencies etc.</p>	Emissions from travel	√			More effective scheduling and minimising travel distance during winter service and routine maintenance works journey planning	Ongoing procurement and replacement of fleet will also assist in minimising emissions	Sharing best practice across NY Highways and NYC
	Emissions from construction	√			Use of warm mix as opposed to cold mix materials in road and footway repairs.	Early partnership meetings to reduce / reuse / recycle will assist alongside working to NYC carbon reduction ambition	Use of NYH carbon counting tool when fully developed will identify areas for improvement/focus
	Emissions from running of buildings				N/A		
	Emissions from data storage				N/A		
	Other		√				

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<p>Minimise waste: Reduce, reuse, recycle and compost e.g. reducing use of single use plastic</p>	√				<p>Early partnership meetings to reduce / reuse / recycle will assist alongside working to NYC carbon reduction ambition</p>	
<p>Reduce water consumption</p>				<p>N/A</p>		
<p>Minimise pollution (including air, land, water, light and noise)</p>	√			<p>More efficient scheduling of works will reduce overall miles travelled on highway network and therefore minimise air and noise pollution emanating from travelling vehicles</p>		
<p>Ensure resilience to the effects of climate change e.g. reducing flood risk, mitigating effects of drier, hotter summers</p>				<p>Some schemes delivered by NYH, such as drainage works, will reduce the risk of flooding on the highway network. The risk-based gully cleansing model identifies those parts of the drainage system requiring attendance</p>		<p>The gully schedule is updated on an evolving intelligence/data-led approach</p>
<p>Enhance conservation and wildlife</p>				<p>N/A</p>		

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<p>Safeguard the distinctive characteristics, features and special qualities of North Yorkshire's landscape</p>	<p>✓</p>			<p>Material choice in maintenance and improvement schemes wherever possible reflect the nature of the surrounding environment</p>		
<p>Other (please state below)</p>				<p>N/A</p>		

Are there any recognised good practice environmental standards in relation to this proposal? If so, please detail how this proposal meets those standards.

NY Highways has appointed and Environmental Consultant to assist with ISO accreditation, however this will also bring benefit in a wider sense (for example, guidance is currently being sought around proposed EA changes waste licences in 2024).

Close working across the delivery partnership from scheme inception stage also allows access to good practice from other organisations, such as wsp, who are a well-established global consultant with a well-established record of environmental good practice

APPENDIX B

Summary Summarise the findings of your impact assessment, including impacts, the recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

The former North Yorkshire County Council (now North Yorkshire Council) has brought its highways services back in-house through the teckal company, NY Highways Ltd.

NY Highways has a duty and a corporate responsibility to develop and deliver a Carbon Plan to align with the commitment made by the Council where they committed to achieve net carbon neutrality by 2030, or as near to that date as possible.

NY Highways also has a Carbon Management Plan applicable to all operations undertaken by NY Highways and its supply chain. The CMP encompasses:

- integrating low carbon thinking to manage and minimise whole life carbon.
- Development and implementation of a carbon accounting management tool to record and track carbon footprint and progress to net zero service.
- Optimising our fleet to improve efficiency e.g., improving mpg and setting fuel targets
- Prioritising initiatives on reducing unnecessary travel
- Development of Carbon Reduction Initiatives

Continual review and challenge will be key to success and the carbon management tool remains an integral part of ensuring that climate change remains at the forefront of people's thoughts from scheme inception to completion and in every other area of the business / service delivery

Sign off section

This climate change impact assessment was completed by:

Name	Nigel Smith
Job title	Nigel Smith – Interim Head of Operations, NY Highways / Head of Highway Operations NYC
Service area	Highways and Transportation, Parking Services, Street Scene Parks and Grounds – Highway Operations
Directorate	Environment
Signature	<i>N Smith</i>
Completion date	21 June 2023

Authorised by relevant Assistant Director (signature): Barrie Mason

Date: 29 June 2023