

North Yorkshire Council

Transport, Economy, Environment and Enterprise Overview and Scrutiny Committee

28 January 2026

Annual report on the progress and performance of NY Highways

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 North Yorkshire County Council 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 (NYH) is currently in the fifth year of its existence; during this time NYH has undertaken collaborative reviews with Council colleagues on current and future ways of working that promote innovation and efficiency throughout its services. This commitment will remain given the benefits such close collaborative working will continue to bring.
- 2.3 Previous update reports have highlighted achievements that were attained during the relevant reporting year and were contained in the main body of earlier reports. Such attainments included the seamless mobilisation of NY Highways, successful delivery of the first and following winter season and other key projects / responses. Subsequent reports also included a narrative on any efficiency savings achieved, innovations undertaken and other key milestones in NYH's evolution, including the achievement in 2022/23 of ISO accreditation [ISO 9001, 14001 & 45001 accreditation for the company].
- 2.4 More recently, discussion has taken place regarding how NYH's and North Yorkshire Council's effective collaboration, progress and achievements could be documented and shared in a more comprehensive manner to better reflect the range of added value the teckal arrangement brings. A series of workshops and meetings, some of which were incorporated into Business as Usual governance meetings for expediency were convened in 2024/25 with a range of key personnel who are involved in managing / delivering the service. It was agreed that the production of a NY Highways Annual Performance report would add further value and provide a more comprehensive mechanism for communicating performance to a range of stakeholders and interested parties.

3.0 REVIEW OF 2024/25

3.1 Adopting this new approach, two new documents (NY Highways Annual report SUMMARY and NY Highways Annual Performance report 2025) were produced and agreed. They are appended to this report as Appendix A and Appendix B. Members will be able to digest the full content of those documents, but to give a flavour of some key achievements in 2024/25, these include:

- £31m of capital works delivered
- 12,179 General Maintenance Works Orders completed, including a £2.45m efficiency rebate to NYC
- 97% of gully cleaning programme achieved
- Successful delivery of the winter maintenance programme

3.2 It is proposed that future years' performance is reported in a similar manner, i.e. using the NY Highways Annual report SUMMARY and NY Highways Annual Performance report documents for those subsequent years

4.0 ALTERNATIVE OPTIONS CONSIDERED

4.1 As per paragraph 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.

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising directly from 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).

5.2 The Teckal delivery model has supported the achievement of £574k budget savings in 2024/25.

5.3 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

5.4 Efficiencies and shareholder value / money back to NYC is included in the Annual Report documents.

6.0 LEGAL IMPLICATIONS

6.1 NYHighways Limited was established as a 'Teckal' compliant company under the Public Contracts Regulation 2015 (now a 'Vertical Arrangement' under the Procurement Act 2023) enabling the Council to directly award contracts to NYHighways without the need to go through a procurement exercise.

6.2 NYH continues to comply with the Vertical Arrangement exemption (also known as the Teckal exemption) set out within Schedule 2 of the Procurement Act 2023. Paragraph 2 of Schedule 2 enables a contracting authority to directly awards contracts to a company it owns without undertaking a procurement exercise where the following criteria are satisfied:

- i. the contracting authority is a 'parent undertaking' of the company; and
- ii. no person other than the contracting authority exerts a decisive influence on the activities of the company (either directly or indirectly); and

- iii. more than 80% of the activities carried out by the company are carried out for or on behalf of the contracting authority or another person that is controlled by the contracting authority; and
- iv. no person that is not a contracting authority holds shares in the company.

6.3 NYH continues to operate in a way which satisfies all four criteria above; 95% of its revenue comes from the Council and the Council controls the board and key decisions through Reserved Matters.

7.0 EQUALITIES IMPLICATIONS

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

8.0 CLIMATE CHANGE IMPLICATIONS

8.1 A Climate Change Impact Assessment has been undertaken and is included as Appendix D. NYH calculates its Scope 1 and Scope 2 carbon emissions – currently 0.35kg of carbon per £1 of turnover - this positively contributes towards the reduction in carbon used when delivering the highways services.

9.0 CONCLUSIONS

9.1 NYH's first year of operation was 2021/22; the target for that year was there was no noticeable change in service during the transition to the teckal delivery model – this was achieved. Subsequently, each year of operation has seen continuous improvements in both the delivery of reactive (revenue) and capital works. This has also led to NYH not only delivering highway works but also delivering services across a range of Council functions.

9.2 Intrinsically linked to this, and whilst NY Highways investigates opportunities to diversify, including things like property services and other service provision, there will remain a strong focus 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 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.

10.0 RECOMMENDATION

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

APPENDICES:

- Appendix A – NY Highways Annual report 2024/25 SUMMARY document
- Appendix B – NY Highways Annual report 2024/25
- Appendix C – Equalities Impact Screening Form
- Appendix D – Climate Change Impact Assessment

BACKGROUND DOCUMENTS:

Scrutiny Committee reports 2022 and 2023

Karl Battersby
Corporate Director – Environment

7 January 2026

Report Authors: Nigel Smith, Head of Highway Operations - NYC
Barrie Mason, Assistant Director - Highways and Infrastructure
Jamie Crumlish, Managing Director - NY Highways
Presenter of Report: Nigel Smith, Head of Highway Operations - NYC