



Notice of meeting of

Executive

To:	Councillors Steve Galloway (Chair), Aspden, Sue Galloway, Jamieson-Ball, Reid, Runciman, Sunderland, Vassie and Waller
Date:	Tuesday, 22 April 2008
Time:	2.00 pm
Venue:	The Guildhall, York

AGENDA

Notice to Members - Calling In:

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

10:00 am on Monday 21 April 2008, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 24 April 2008, if an item is called in *after* a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

1. **Declarations of Interest**

At this point, Members are asked to declare any personal or prejudicial interest they may have in the business on this agenda.

2. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of Annex A to Agenda Item 10 (Urgent Business - Appointment of ICT Contractor – Joseph Rowntree New School), on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes (Pages 3 - 6)

To approve and sign the minutes of the meeting of the Executive held on 8 April 2008.

4. Public Participation

At this point in the meeting, members of the public who registered their wish to speak regarding an item on the agenda or an issue within the Executive's remit can do so. The deadline for registering is **5:00 pm on Monday 21 April 2008**.

5. Executive Forward Plan (Pages 7 - 10)

To receive details of those items that are listed on the Executive Forward Plan for the next two meetings.

6. Minutes of the Local Development Framework Working Group and the Social Inclusion Working Group (Pages 11 - 32)

This report presents the minutes of recent meetings of the Local Development Framework (LDF) Working Group and the Social Inclusion Working Group and asks Members to consider the advice given by the Groups in their capacity as advisory bodies to the Executive.

7. Carbon Management Programme - Strategy and Implementation Plan (Pages 33 - 98)

This report presents for approval the Strategy and Implementation Plan for the Local Authority Carbon Management Programme, which sets targets for reduction of carbon dioxide emissions from

City of York Council activities and outlines a project structure enabling these targets to be achieved.

8. Result of Regional Transport Board Capital Bids and Application for Use of Contingency Funds (Pages 99 - 106)

This report provides details of the results of the Regional Transport Board meeting on 4 April, which assessed bids from Local Authorities in the region for funds to undertake major schemes, and seeks approval for the release of funds from reserves to progress the development of the Access York bid.

9. Highways Scrutiny Ad-hoc Scrutiny Committee - Final Report (Pages 107 - 182)

This report presents the final reports for parts A and B of the Highways Ad-hoc Scrutiny Review and asks the Executive to approve the recommendations previously agreed by Scrutiny Management Committee.

10. Urgent Business - Appointment of ICT Contractor – Joseph Rowntree New School (Pages 183 - 194)

Any other business which the Chair considers urgent under the Local Government Act 1972.

The Chair has agreed to consider under this item a report which seeks Member approval to appoint RM as the ICT contractor for the Joseph Rowntree New School project. The matter is urgent due to the need to obtain a Member level decision within tight timescales. Officers are recommending acceptance of the higher tender, which requires the approval of Members.

Democracy Officer:

Name: Fiona Young

Contact details:

- Telephone – (01904) 551027
- E-mail – fiona.young@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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Would you like to speak at this meeting?

If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements

We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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Holding the Executive to Account

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

City of York Council

Committee Minutes

MEETING	EXECUTIVE
DATE	8 APRIL 2008
PRESENT	COUNCILLORS STEVE GALLOWAY (CHAIR), ASPDEN, SUE GALLOWAY, JAMIESON-BALL, REID, RUNCIMAN, SUNDERLAND, VASSIE AND WALLER

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS**192. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Cllr Runciman declared a personal interest in agenda item 7 (Theatre Royal Funding Agreement), as a Trustee of the Theatre Royal.

193. MINUTES

RESOLVED: That the minutes of the Executive meeting held on 25 March 2008 be approved and signed by the Chair as a correct record.

194. PUBLIC PARTICIPATION

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Dan Bates, Chief Executive of York Theatre Royal, spoke in relation to agenda item 7 (Theatre Royal Funding Agreement). He outlined the Theatre's achievements over the period of the last Service Level Agreement (SLA), during which audience numbers had increased and reliance on public subsidy had reduced, and highlighted plans for the coming year. He urged Members to support the recommendation for a 4-year SLA, as set out in Option 3 in the report.

195. EXECUTIVE FORWARD PLAN

Members received and noted details of those items that were currently listed on the Forward Plan for the next two Executive meetings.

196. MINUTES OF THE ECONOMIC DEVELOPMENT PARTNERSHIP BOARD

Members considered a report which presented the draft minutes of the Economic Development Partnership Board (EDPB) meeting held on 11 March 2008. The draft minutes were attached as Annex A to the report.

Members' attention was drawn in particular to the Board's resolutions under Minute 28, which related to the future membership of the EDPB. These recommended:

- That the Board become a Partnership body
- That an Economic Development Forum be established under the Board
- That the Learning City York Partnership be invited to appoint a representative to the new Board
- That the number of business representatives on the Board be set at 6 and that the number of Councillor representatives be set at 2.

Having noted the advice of the Shadow Executive on this item, it was

RESOLVED: (i) That the recommendations of the EDPB be noted.

REASON: In accordance with the requirements of the Council's Constitution in relation to the role of the EDPB as an advisory body to the Executive.

(ii) That, arising from Resolution (ii)(c) under Minute 28, the reservation of three seats on the new Board for Council Members be supported.

REASON: To ensure the representation on the Board of the three main political groups making up the Council.

197. THEATRE ROYAL FUNDING AGREEMENT (REVIEW OF THE SERVICE LEVEL AGREEMENT BETWEEN CITY OF YORK COUNCIL AND THE YORK THEATRE ROYAL)

Members considered a report, deferred from the last meeting, which sought approval for a new Service Level Agreement (SLA) with York Theatre Royal, to come into effect after expiry of the current SLA, on 31 March 2008.

The Theatre Royal had been through a period of change during the past three years, with an increase in Youth Theatre provision, outreach project work and new work in the Studio. It currently had one of the broadest social mix of audiences in the country and its financial position was good. The Arts Council England: Yorkshire had indicated that it would increase

its funding of the Theatre by nearly £47k over the next three years, subject to the Council not reducing its investment during the same period. Under the previous SLA, an inflationary increase had been allocated which would mean an increase of £6,860 (2.3%) on the Council's current allocation of £298,200. This would mean diverting resources from other areas of the Arts and Culture budget. However, if the SLA were to run for four years, the Theatre would accept a 'standstill' award this year and inflation increases in future years.

The proposed SLA was attached as Annex A to the report. Members were asked to consider the following options:

Option 1 – SLA to run for 2008/09 only, with no inflationary increase, enabling the Council to review future funding levels in the light of the overall budget.

Option 2 – SLA to run for 3 years, with no inflationary increase.

Option 3 – SLA to run for 4 years (1 April 2008 to 31 March 2012), with no inflationary increase in 2008/09 but with inflationary increases guaranteed for the following three years. This was the recommended option.

Since deferral of this item on 25 March, the further information requested by Members at that meeting had been obtained and published as an additional annex (Annex B) to the report.

Having noted the advice of the Shadow Executive on this item and the comments made under Public Participation, it was

RESOLVED: That Option 3 be approved (SLA to run for 4 years) but that Officers be asked to advise the Theatre that, while every attempt will be made to provide an annual increase in grant in line with inflation, the Executive is unable to bind the decisions of future Councils on this issue.¹

REASON: To provide a programme at the Theatre that meets the Council's objectives and to secure the additional investment of the Arts Council England.

Action Required

1. Prepare and sign documents required to enter into a 4- ST
year SLA with the Theatre Royal, as per Option 3.

PART B - MATTERS REFERRED TO COUNCIL

198. REVIEW OF COUNCIL'S CONSTITUTION

Members considered a report which set out a number of proposed changes to the Council's Constitution. These related to the size of the Executive, Standing Orders, terms of reference for the Urgency Committee, clarification around working groups, Champions, and expansion of the role of the Standards Committee.

Details of the proposed amendments were listed as items A to G in paragraphs 6 to 24 of the report. They included:

A - Expanding the role of Standards Committee to undertake local assessments of complaints against Members of the Council

B - Various changes to Standing Orders

C - Expansion of Urgency Committee functions to include staffing matters

D - Reducing the size of the Executive from 9 to 7 Members

E - Removing the Economic Development Partnership Board from the Constitution

F - Amendments to the list of Member Champions

G - Amendment of Article 10 to include the list of standing Working Groups

A briefing note prepared by the Head of Civic, Legal and Democratic Services, outlining the impact on Executive arrangements of the Local Government and Public Involvement in Health Act 2007, was circulated to Members at the meeting.

Having noted the advice of the Shadow Executive on this item, it was

RECOMMENDED:

(i) That the proposed amendments to the Constitution listed A to G in the report be approved, but with clarification that the titles for the three affected Executive Member positions, arising out of proposal D, should read:

- Executive Member for Housing and Adult Social Services
- Executive Member for Children and Young People's Services
- Executive Member for Leisure, Culture and Social Inclusion

(ii) That the Monitoring Officer be instructed to make the necessary amendments to the written Constitution document.

REASON:

To give effect to legal requirements and Members' wishes in respect of amendments to the Constitution.

Action Required

1. Refer recommendations to Council.

GR

S F Galloway, Chair

[The meeting started at 2.00 pm and finished at 2.20 pm].

EXECUTIVE FORWARD PLAN

Table 1: Items scheduled on the Forward Plan for the Executive Meeting on 6 May2008		
Title & Description	Author	Portfolio Holder
<p>Residents Opinion Survey Results 2007/8</p> <p><i>Purpose of the report: To provide the Executive with data and analysis relating to the latest survey of customer satisfaction.</i></p> <p><i>Members are asked to: Note the results of the survey and recommend resulting action.</i></p>	Sophie Gibson	Executive Leader
<p>Use of LPSA2 Reward Grant</p> <p><i>Purpose of report: To aid Members in approving a methodology for allocating the LPSA2 reward grant.</i></p> <p><i>Members are asked to: Approve a methodology for the allocation of LPSA2 reward grant.</i></p>	Nigel Burchell, Steve Morton & Simon Hornsby	Executive Leader
<p>Golden Triangle Partnership Board – Member Representation</p> <p><i>Purpose of report: The Executive Member for Housing will represent the Council on the new Golden Triangle Partnership Board. The new Partnership Board will set the strategic direction for the Golden Triangle and receive quarterly performance information. The first partnership board meeting will take place in early May 2008.</i></p> <p><i>Members are asked to: Agree to the establishment of a Golden Triangle Partnership Board and nominate the Executive Member for Housing to be the Council Member representative and the Head of Housing to be the officer representative on the Board.</i></p>	Steve Waddington	Executive Member for Housing

<p>Gas Servicing – Future Procurement</p> <p><i>Purpose of report: To inform Members that the contractor who carries out gas servicing and maintenance for half of the city will change from April 2008 onwards.</i></p> <p><i>Members are asked to: Agree the awarding of the gas servicing contract under the MEAT criteria within the Council's financial and procurement regulations.</i></p>	Steve Waddington	Executive Member for Housing
<p>Back Park Petition – Executive Response</p> <p><i>Purpose of report: The petition states: 'we, the undersigned, call upon the Council to permanently remove Back Park (aka Victoria Park) from the list of leisure land under threat of sale, in order to ensure that the land which was given to the residents of the Leeman Road area by the Rowntree Family to enjoy as an amenity leisure site, will remain as such'.</i></p> <p><i>Members are asked to: Respond to the petition and recommend action to be taken by the Corporate Landlord and Corporate Asset Management Group.</i></p>	Neil Hindhaugh	Executive Member for Corporate Services
<p>A Review and Updating of the Protocol Governing the Political Management of the Council for the 2008/09 Year</p> <p><i>Purpose of report: To provide a review and assist Members in amending the protocol governing the political management of the Council.</i></p> <p><i>Members are asked to: Agree any changes to the protocol governing the political management of the Council for the 2008/09 year.</i></p>	Quentin Baker	Executive Leader

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 20 May 2008		
Title & Description	Author	Portfolio Holder
None		

Table 3: Items slipped on the Forward Plan with the agreement of the Group Leaders					
Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
None					

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Executive

22 April 2008

Report of the Head of Civic, Democratic and Legal Services**Minutes of the Local Development Framework Working Group and the Social Inclusion Working Group****Summary**

1. This report presents the draft minutes of recent meetings of the Local Development Framework (LDF) Working Group and the Social Inclusion Working Group and asks Members to consider the advice given by the Groups in their capacity as advisory bodies to the Executive.

Background

2. The revised Constitution agreed by Council on 27 April 2006 created a number of Working Groups whose role is to advise the Executive on issues within their particular remits. To ensure that the Executive is able to consider the advice of the Working Groups, it has been agreed that minutes of the Groups' meetings will be brought to the Executive on a regular basis. The Executive has also agreed to receive minutes of the meetings of the Economic Development Partnership Board, which acts as an advisory body to the Council and to the Local Strategic Partnership.
3. Members have requested that draft minutes of Working Groups requiring Executive endorsement be submitted as soon as they become available. In accordance with that request, and the requirements of the Constitution, minutes of the following meetings are presented with this report:
 - LDF Working Group – draft minutes of the meeting held on 4 March 2008 (Annex A)
 - Social Inclusion Working Group – draft minutes of the meeting held on 12 March 2008 (Annex B)

Consultation

4. No consultation has taken place on the attached minutes, which have been referred directly from the Working Groups. It is assumed that

any relevant consultation on the items considered by the Groups was carried out in advance of their meetings.

Options

5. Options open to the Executive are either to accept or to reject any advice that may be offered by the Working Groups, and / or to comment on the advice.

Analysis

6. There are no recommendations in the attached minutes that require the specific approval of the Executive at this stage. However, Members may wish to note in particular, and endorse where appropriate:
 - a) The advice of the LDF Working Group in respect of the proposed approach to the natural environment and Green Infrastructure in the Local Development Framework (Minute 41, Annex A);
 - b) The comments of the LDF Working Group on the headline results arising from the Festival of Ideas 2 consultation (Minute 42, Annex A);
 - c) The suggestions of the Social Inclusion Working Group in respect of the principles that should guide the distribution of Social Inclusion project budgets for the current and future financial years (Minute 36, Annex B);
 - d) Discussions in respect of the future membership of the Social Inclusion Working Group (Minute 37, Annex B), and in particular the Group's request for a report on a possible reduction in the number of elected Members on the Group (Resolution iv)). Members are asked to note that the membership of and appointment to the Working Group will be resolved at the Annual Meeting of Council in May.

Corporate Priorities

7. The aims in referring these minutes accord with the Council's corporate values to provide strong leadership in terms of advising these bodies on their direction and any recommendations they wish to make.

Implications

8. There are no known implications in relation to the following in terms of dealing with the specific matter before Members, namely to consider the minutes and determine their response to the advice offered by the Board:
 - **Financial**
 - **Human Resources (HR)**

- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Property**
- **Other**

Risk Management

8. In compliance with the Councils risk management strategy, there are no risks associated with the recommendations of this report.

Recommendations

9. Members are asked to consider the minutes attached at Annexes A and B and to decide whether they wish to respond to any of the advice offered by the LDF Working Group and the Social Inclusion Working Group.

Reason:

To fulfil the requirements of the Council's Constitution in relation to the role of Working Groups

Contact details:

Author:

Fiona Young
Principal Democracy Officer
01904 551027
email:
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Chief Officer Responsible for the report:

Quentin Baker
Head of Civic, Democratic and Legal Services

Report Approved

Date 08.04.08

Specialist Implications Officer(s) None

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A – Draft Minutes of the meeting of the Local Development Framework Working Group held on 4 March 2008.

Annex B – Draft Minutes of the meeting of the Social Inclusion Working Group held on 12 March 2008.

Annex C – Social Inclusion Working Group – Membership Revisions

Background Papers

Agenda and associated reports for the above meetings (available on the Council's website).

City of York Council

Draft Committee Minutes

MEETING	LOCAL DEVELOPMENT FRAMEWORK WORKING GROUP
DATE	4 MARCH 2008
PRESENT	COUNCILLORS REID (CHAIR), SIMPSON-LAING (VICE-CHAIR), AYRE, D'AGORNE, HORTON, MERRETT, MOORE, WALLER, R WATSON (NOT PRESENT FOR MINUTE 41) AND WATT

38. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

None were declared.

39. MINUTES

Matters Arising:

Minute 37 (Local Development Framework: Allocations Development Plan Document) - It was noted that officers had consulted colleagues in Transport Planning regarding the second bullet point under point (x) and colleagues in Children's Services regarding the first bullet point under point (xii).

RESOLVED: (i) That the minutes of the meeting of the Local Development Framework Working Group held on 8 January 2008 be approved and signed as a correct record;

(ii) That the minutes of the last meeting of the Local Development Framework Working Group held on 22 January 2008 be approved and signed as a correct record subject to the following amendments:

- That the minutes be renumbered to start at Minute 34.
- That the spelling of Cllr Waller's name be corrected under Minute 34 (Declarations of Interest).

40. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak under the Council's Public Participation scheme.

41. THE APPROACH TO THE NATURAL ENVIRONMENT THROUGH THE LOCAL DEVELOPMENT FRAMEWORK

Members considered a report which informed Members of and asked for their comments on the proposed approach to the natural environment and Green Infrastructure in the Local Development Framework (LDF). The report set out the overall framework in terms of the existing evidence base documents, how these link together and how they would feed into the LDF process. The approach would have broader implications in terms of the Council's approach to its wider natural environment duties.

Members had the following options to consider in relation to the Approach to the Natural Environment:

Option 1: To accept the proposed approach to the natural environment subject to any comments or changes recommended by the Working Group; or

Option 2: To request that further work was done to develop an alternative approach to the natural environment.

Members received a presentation which covered the following issues:

- Green Infrastructure
- Green Infrastructure Assets
- Biodiversity Audit and Biodiversity Action Plan
- Green Belt Character Areas
- Landscape Character Types
- Open Space
- Flood Risk Areas
- Greenways and Public Right of Ways

Large maps showing all the different layers listed above were provided at the meeting. Members made the following comments:

- In relation to paragraph 3c, people and wildlife were not always complementary and it might be worth having a fourth point about maintaining and protecting biodiversity and the range of special sites that require protection
- Climate change and cornfield buffer zones could be added as additional benefits in the bullet points under paragraph 4 of the report
- There were different types of wildlife corridors which needed to be identified during the production of the Green Infrastructure Strategy detailed in paragraph 6 of the report
- The map should not just show high risk flood areas but should also include other areas at risk
- A Blue Belt, where areas were allowed to flood, could be developed
- The City Tree Strategy should be included under paragraph 8 of the report

- The sustainability of sites was an issue for the Biodiversity Action Plan, which could include control measures for public access and buffer zones around some sites
- A copy of the Green Belt Appraisal should be put on the M drive for members to access
- That the review of the Cycle Network be brought to a future meeting

RESOLVED: (i) That the proposed approach to the natural environment in terms of the LDF highlighted in the report be noted;
(ii) That Option 1, subject to the comments and views listed above, be agreed;
(iii) That the Green Belt Appraisal be put on M drive for members¹;
(iv) That the review of the Cycle Network be brought to a future meeting².

REASON: So that the natural environment evidence base work for the LDF can be progressed.

Action Required

1. That the Green Belt Appraisal be put on M drive for Members JB
2. Arrange for the review of the Cycle Network to be brought to a future meeting. JB

42. LOCAL DEVELOPMENT FRAMEWORK: FESTIVAL OF IDEAS 2 CONSULTATION SUMMARY (INCLUDING CONSULTATION ON LDF CORE STRATEGY ISSUES AND OPTIONS 2)

Members considered a report which highlighted the headline results arising from the Festival of Ideas 2 consultation, which the City of York Council undertook in partnership with the Local Strategic Partnership (Without Walls) during Autumn 2007. These comments would be used to inform the production of the Core Strategy and other Development Plan Documents.

This report presented the different consultation documents which were produced; set out who was consulted; and outlined the methods and techniques used during consultation. The analysis section provided a snapshot summary of the responses received. A full summary of headline responses was contained in the annexes.

Members received a presentation, and a colour handout of the slides, on Annex A (Responses to “Have your say on York’s Future” questionnaire) of the report.

Members made the following comments:

- How representative, in terms of social demographics and geographically, were the results of York
- Analysis should be carried out, where possible, about the social demographics of the respondents, including a breakdown by ward

- Information on demographics should be included in future surveys to verify how representative it was
- The low number of online respondents suggested that using online questionnaires was open to discussion
- Any members who had specific issues about the consultation and how it was conducted should provide a written response to the chair
- That there was criticism from some of the audience who attended one of the City Summits about the questions only providing false choices for answers
- The survey provided a lot of useful factual information and most results were as expected, except for the result about not wanting more shops built in the city centre

RESOLVED: That the comments received from consultees in response to the Festival of Ideas 2 consultation be noted, and their consideration in informing the production of Core Strategy Preferred Options report and, where relevant, other emerging LDF documents be supported.

REASON: To ensure that the LDF Core Strategy can be progressed to its next stage of development as highlighted in the Council's Local Development Scheme.

Cllr A Reid, Chair

[The meeting started at 4.30 pm and finished at 6.45 pm].

City of York Council

Draft Committee Minutes

MEETING	SOCIAL INCLUSION WORKING GROUP
DATE	12 MARCH 2008
PRESENT	COUNCILLORS ASPDEN (CHAIR), ALEXANDER, GUNNELL (VICE-CHAIR), POTTER, WATT (SUBSTITUTE), JACK ARCHER (NON-VOTING CO-OPTED MEMBER), SUE LISTER (NON-VOTING CO-OPTED MEMBER) AND JAN JAUNCEY (NON-VOTING CO-OPTED MEMBER)
APOLOGIES	COUNCILLORS SUE GALLOWAY, AND HEALEY, RITA SANDERSON AND LYNN JEFFRIES (NON-VOTING CO-OPTED MEMBERS)

33. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Councillor Potter declared a general personal non-prejudicial interest as the Older People's Champion.

Councillor Alexander declared a general personal non-prejudicial interest as he worked at York St John University and as a candidate for the Young People's Champion.

34. MINUTES

RESOLVED: That the minutes of the last meeting of the Social Inclusion Working Group held on 16 January 2008 be approved and signed by the Chair as a correct record and the "easy read" version be noted.

35. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

36. SOCIAL INCLUSION WORKING GROUP BUDGET PRINCIPLES.

Members considered a report, which outlined the principles, which would guide the distribution of Social Inclusion project budgets for this financial year and for the future.

At the Groups Development Day on 25 February 2008 the community representative and elected members had jointly considered possible

principles and had felt that projects requesting support from the budget should:

1. Contribute to Social Inclusion Working Group objectives and agreed yearly work plans
2. Support the engagement of the widest audience in each of the six Equality strands i.e. Gender, Race, Disability, Sexual Orientation, Religion and Belief, and Age
3. Aim to engage hard-to-reach groups within each strand
4. Explore new or emerging issues
5. Be innovative and not previously tried
6. Not be main running costs, which will not be funded
7. Receive priority when brought forward by a number of community groups and covering a number of Equality strands

In answer to questions the Officers confirmed that money allocated from this years budget had been raised by cheque and would be forwarded to the community groups, together with the grant agreements, early next week.

RESOLVED: That the seven principles outlined above, agreed on the Development Day, be approved as a guide for the distribution of the Groups budget in this and future financial years.

REASON: To facilitate the business of the Group in 2008/09 and beyond.

37. SOCIAL INCLUSION WORKING GROUP MEMBERSHIP.

Members considered a report, which summarised discussions regarding possible improvements and additions to membership of the Group during the recent Development Day.

Officers confirmed that there had been extensive discussions on the membership issues, the key points of which were set out in Annex 1 to the report. A suggestion had been made to invite expert witnesses to future meetings to provide information and knowledge about specific issues. It was hoped that representative from the Primary Care Trust and Education Services could be invited to all future meetings of the Group. Heather Rice stated that Rachel Johns, who was the newly appointed, Associate Director of Public Health (York and Health Improvement), would be a useful contact for PCT representation.

The following witnesses had been suggested:

- a. York Travellers Trust, to inform traveller issues
- b. York Humanists, to inform non religion/belief issues
- c. Young people invited in consultation with and supported by Steve Rouse, the youth worker who is currently commissioned by SIWG to work with young people, to inform specific issues such as intergenerational projects.

- d. User representatives from Valuing People Partnership and York People First to inform learning disabilities and mental health issues
- e. People from York Access Group to inform mobility issues
- f. Representatives from Higher York to progress higher education student inclusion
- g. Following investigation to identify relevant groups in the City, invite representatives from women's groups, men's groups and transgender groups to assist with gender issues.
- h. Representatives from the Primary Care Trust and Education services to assist with and inform service issues arising in these areas.

Members referred to the representative from Higher York, referred to in point f) "to progress higher education student inclusion" and which they felt may work against social inclusion and suggestions were made to amend this to relate to the Students Union and Higher Education Institutions.

Some Members referred to the point made at the Development Day that there were too many elected members on the Group and questioned how this could be addressed. The Chair stated that any changes to the numbers of members on the Group would require changes to the Constitution and agreement by Council. Other Members pointed out that there was a need for as many elected members as possible to hear the views of the group but just not to override them.

Heather Rice confirmed that these were all valid points and that the group should be looking at improving links. She stated that there was a need to raise the group's profile which required a communication plan perhaps with the preparation of edited highlights of groups meetings for circulation at corporate Management Team meetings and to community group members. Officers confirmed that they were to meet with Ward Committees, at the end of the month, with a view to ascertaining how these could link up with the group.

- RESOLVED:
- i) That the contents of the report be noted.
 - ii) That approval given to the attendance of expert witnesses as detailed on page 28 of the report, subject to point f) being amended to relate to "the Students Union and Higher Education Institutions" to be invited to meetings in 2008/09, at the discretion of the Chair, for relevant agenda items.
 - iii) That Officers investigate with the Neighbourhood Management Unit how the Group could provide a better link with Ward Committees.

- iv) That Heather Rice and the Head of Legal investigate a possible reduction in the number of elected members on the Group, in line with comments made at the Development Day, and a report be brought back to the May meeting.

38. "PRIDE IN OUR COMMUNITIES" EQUALITY STRATEGY 2005-08 : SECOND YEAR UPDATE.

Members considered a report, which detailed progress to December 2007, with each of the six improvement themes of Pride in Our Communities, the Council's Equality Strategy and plans for 2005-08.

The Equalities Officer, gave an overview and summary of the main successes in the last year which included:

- Community presentation in October 2007 to the BME community
- Work carried out by the Social Inclusion Working Group over the last year
- Guidance and training on making consultation more accessible and inclusive
- City wide reporting procedure for hate incidents agreed
- Equality training for senior managers
- Appointment of Bill Hodson, Director of Housing & Adult Social Services
- International Women's Day, event in the Mansion House on 13 March 2008
- Advances with the Disabled Peoples Forum
- Disabled People Together Day and lunch arranged for people from the disabled community to meet York University students
- Pay and Grading Review shortly due to be finalised
- Significant progress made with accessible services through "Easy at York"
- Conference in May, led by the disabled, to examine how the Centre for Independent Living (CIL) in York can be progressed

In answer to members questions, Heather confirmed that the employment equality statistics, detailed on page 48, related to the 2003 Annual Population Survey and that the Authority did not have a further breakdown of the figures. She agreed that further work was required in profiling to obtain accurate up to date figures.

Members also questioned at what Inspection Level the Authority were at following changes to the Equality Standard for Local Government. The Equality Officer confirmed that the Authority had not yet been assessed following these changes. She confirmed that the standard had been raised and detailed what work would be required to achieve Level 3. She also confirmed that she would let members of the group have details of what work would be required to meet each of the inspection levels.

Sue Lister commented that the Strategy did not appear to include reference to the 50 plus age group and as older people were part of the City she asked that this was kept in mind, particularly the involvement of the various strands in the yearly York 50 + Festival. Jack Archer also questioned how the new Equalities Legislation would affect older people.

The Equalities Officer, stated that government department policies were being challenged in relation to age, gender, disability and race and that policy decisions were now being made with these in mind.

RESOLVED: That the contents of the Pride in Our Communities Equality Strategy and plans for 2005-08 and the progress made to December 2007 be noted.

REASON: To keep members updated on progress with Equalities.

39. EQUALITY STRATEGY 2008-11 : EQUALITY ISSUES THE COUNCIL SHOULD CONSIDER IN THE NEXT 3 YEARS.

The Group considered a report, which summarised issues that the Council needed to consider and take on board in its Equality strategy and schemes for 2008-2011.

Members were asked to approve a one off grant totalling £1,250 to be shared between five community groups who were currently co-opted to the SIWG. This would allow them to consult with people from the six equality strands about issues that needed to be considered in the context of the Council's refreshed Equality Strategy and schemes for 2008-2011. Officers reported that feedback was required from the Groups by the end of May 2008 to enable their points to be fed back into the strategy.

Group members expressed concern that there would be insufficient time for them to consult their members and provide genuine feedback in the short time available. They also requested proactive engagement with the individual groups to assist with their input into the strategy and assistance with the development of the draft questionnaire. The Equalities Officer confirmed that the May date was driven by the Strategy but there was no reason why any additional feedback could not be taken into account during the next financial year.

RESOLVED: i) That the Group note the contents of the report.

ii) That approval be given to making one off grants of £250 to each of the following groups to assist with consultation on the Council's Equality Strategy. 2008-2011:

- Older People's Assembly
- York Racial Equality Network
- York Interfaith Forum

- York LGBT Forum
 - Disabled Peoples Forum via the Council's Equalities Team
- iii) That Officers contact each of the groups to assist them with their input into the Strategy.

REASON: To collect the views of as many equality strand groups as possible to inform the refreshed Equality strategy and schemes 2008-2011.

40. WORK PLAN PRINCIPLES AND PRIORITY TOPICS FOR 2008/09

Consideration was given to this report which considered the principles which guided Social Inclusion Working Group work planning and which recommended priority topics for consideration during 2008/09.

The Chair referred to Annex 1 of the report, which listed the principles, and topics identified by the Group at its Development Day in February. Members then broke into three groups (Groups A, B and C) to put forward their prioritised work plans for the Group. Officers confirmed that these plans would be used to make a list of priority topics for the first six months of the 2008/09 calendar year, for consideration at the next meeting.

The following priority topics had been identified and the various Groups priorities were shown against each:

- Lead the refresh of the Council Equality Strategy and Schemes 2008-2011 (**Group B first priority**)
- Influence the developing Council Communication Strategy (**Group A third priority**) (**Group B second priority**)
- Develop a community engagement strategy for SIWG (**Group A second priority**) (**Group B third priority**)
- Younger/Older people intergenerational issues
- Gender issues especially the inclusion of women from Black and Minority Ethnic (BMEs)
- Rise in BMEs and Community Cohesion issues (**Group B fourth priority**)
- Input to Council response to CPA inspection
- Feed into Local Development Framework and key service plans that will arise from the Sustainable Community Strategy and the Local Area Agreement (**Group A joint first priority**)
- Consider the changing demographic profile of the six Equality strands in York and how the Council should respond (**Group A joint first priority**) (**Group B fifth priority**)
- Consider CYC employee profile and the emerging Human Resources issues

Group C stated that they felt that they had been unable to prioritise the topics as they felt some should be classed as topics, some as agenda

items and others could form part of a development day. This group had felt that they had a responsibility to the CPA improvement, to BME women, to the Council and to the changing demographics in York.

Cllr Watt made reference to the young/old generation gap and he felt that priority should be given to examining this in context to the different strands.

- RESOLVED:
- i) That the work planning principles outlined in Part a of Annex 1 of the report be approved.
 - ii) That the list of priority topics agreed by the individual groups be used by the Officers to prepare the SIWG Forward Plan for the first six months of the 2008/09 calendar year, for consideration at the next meeting.

REASON: To facilitate the business of the Group in 2008/09.

41. COMMUNITY FORUM REPORTS AND FEEDBACK

The Chair and Vice Chair confirmed that they were continuing to meet community groups. They indicated that if any groups wished them to attend any of their meetings could they contact them direct.

Sam Holmes, from the University of York, reported that he was the Disability Forum Project Leader, one of 6 students who had volunteered to take part in a mapping exercise to consult groups in the city about their perceptions regarding the disabled. It was proposed to compile a report of their findings in a couple of months. There was to be a meeting on 28 March for the researchers to meet disabled people and their carers. The Equalities Officer stated that any support the Group could offer the students would be welcome.

The Older Peoples Assembly reported on their last meeting which had looked at a number of issues which included the Intergenerational Photo Exhibition, gas and electric price rises, Age Friendly York, Home Appreciation Loans, the Champions report and York Vale Carers. They also circulated copies of their 50+ Spring 2008 news letter for information. All members were invited to attend the next YOPA open meeting (2.00pm, Monday 17 March 2008, Central Methodist Church, St Saviourgate) when the speaker would be Richard Eames, Manager, First York.

Jan Jauncey of York Interfaith, circulated their recently updated calendar of events for 2008. Jan explained that she had only joined the SIWG in 2007 but that there had been a number of highlights to report which included the preparation of a constitution for their group, the bringing together of different faiths and their concerns, the setting up of a website www.yorkinterfaith.org, and the organisation of a joint meeting with Scarborough Interfaith. She reported they had prepared a very active programme for the forthcoming year. This included working more closely

with the Mosque in Bull Lane, York, examining the options relating to organ donation and their contribution to the Face to Face & Side by Side consultation, a framework for interfaith dialogue & social action.

The Group noted receipt of the Inclusive York Forum minutes from their meeting held on 12 December 2007, circulated with the agenda.

The Chair thanked the Group for their updates and in particular Sam and Catherine for their input and for their attendance at the meeting.

.

CLLR K ASPDEN, Chair

[The meeting started at 6.30 pm and finished at 8.30 pm].

Meeting of the Executive

22 April 2008

Report of the Director of People and Improvement

Social Inclusion Working Group - Membership Revisions

Summary

1. The report outlines proposed revisions to the membership of the Social Inclusion Working Group.
2. Members are requested to approve the proposed revisions and to recommend that the Council Executive approves them for implementation at the earliest possible opportunity.

Background

3. The Social Inclusion Working Group was established as part of the revised Council Constitution in 2006. Annex 1 outlines the purpose of the group. It was established following extensive discussion and consultation by the ad-hoc Scrutiny Panel on Inclusive Decision, to improve the effectiveness of the organisation in meeting the diverse needs of its customers. The Group first met in July 2006.
4. Since its establishment, the Group has been chaired by the Executive Member for Youth and Social Inclusion. In line with Constitution requirements about “the need to be proportional to the overall political proportionality on the Council” the group currently comprises:
 - a. 3 Members from the Liberal Democrat group, including the Chair (Executive Member for Youth and Social Inclusion)
 - b. 3 Members from the Labour group, including the Vice Chair (Shadow Executive Member).
 - c. 1 Member from the Conservative group

5. At its first Development Day on 25 February 2008 the Group reviewed its membership. The Development Day was attended by all existing members and co-optees on the group. Those present arrived at a number of recommendations regarding the representation of Elected Members on the Group. These were further discussed and agreed at the Group meeting on 12 March 2008. The decision made is summarised in the following excerpt from the draft minutes of the meeting on 12 March 2008.

“That Heather Rice and the Head of Legal investigate a possible reduction in the number of elected members on the Group, in line with comments made at the Development Day, and a report be brought back to the May meeting”.

Consultation

6. Community representatives and elected members jointly considered the topic of this report during the Group Development Day on 25 February 2008 and the meeting of 12 March 2008.

Options

7. Option 1: To change the number of elected members on the Social Inclusion Working Group to
 - a. 2 from the Liberal Democrat group
 - b. 2 from the Labour Group
 - c. 1 from the Conservative Group,

and increase representation from the six strands through inviting a number of non-voting Expert Witnesses to join the Group as agreed at the SIWG meeting on 12 March 2008.

8. Option 2: To maintain the current numbers of elected Members
9. Option 1 is recommended. Reason: This recommendation was arrived at following consensus after extensive discussion at Group Development Day on 25 February 2008 and the Group meeting on 12 March 2008.

Analysis

10. Whilst ensuring that meetings remain workable and as inclusive of community voices as possible, a reduction in the number of elected Members will also facilitate increases in the community representative body through inviting a number of Expert Witnesses as outlined in the minutes of the SIWG meeting on 12 March 2008.

Corporate Priorities

11. The recommendation will contribute to the promotion of inclusive and cohesive communities through supporting increased community inclusion and engagement in Council planning and decision making.

Implications

12. These are as follows:
 - **Financial** - None
 - **Human Resources (HR)** - None
 - **Equalities** – The recommended principles will contribute to the promotion of inclusive and cohesive communities and to Council Equalities aims and objectives.
 - **Legal – None**
 - **Crime and Disorder** - None
 - **Information Technology (IT)** - None
 - **Property** - None
 - **Other** - None

Risk Management

13. N/A

Recommendations

14. Request members to approve:

- a. The number of elected members on the Social Inclusion Working Group to be:
- i. 2 from the Liberal Democrat group (including the Chair of the Group),
 - ii. 2 from the Labour Group (including the Vice Chair of the Group)
 - iii. 1 from the Conservative Group,
- b. An increased representation from the six Equality strands through inviting a number of non-voting Expert Witnesses to join the Group as outlined in the minutes of the SIWG meeting on 12 March 2008.

Reason: To facilitate the business of the Group in 2008/9 and beyond though increasing community engagement and inclusion.

Contact Details

**Author: Evie Chandler
Equalities Officer
PIET
Tel: 551704**

**Chief Officer Responsible for the report:
Heather Rice**

Report Approved Date

Wards Affected:

All

For further information please contact the author of the report

Background papers – None

Annexes- Annex 1 – Purpose of the Social Inclusion Working Group

Annex 1 - Purpose of the Social Inclusion Working Group

It is the role of this group to advise the Executive on all matters relating to equalities issues .

It seeks to promote awareness of equalities issues and to ensure improved access and facilities for all service users .

It is concerned both with improving the Council's own services and facilities and, by adopting good practice, to encourage other service providers to improve their services.

In that context the group will:

- i. advise the Executive on major projects and initiatives on equalities issues and on equalities issues generally in the City of York Council
- ii. extend and build contact with groups and individuals in the area in order to facilitate input into equalities and provide opportunities for all citizens in the area.
- iii. provide a link with Ward Committees so that equalities issues which are raised can be taken further.
- iv. be chaired by the Executive Member for Social Inclusion and Youth.
- v. operate in accordance with the Protocol on Councillor Working Groups set out in Part 5 on page 369 of this Constitution

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Executive**22nd April 2008**

Report of the Director of City Strategy

Carbon Management Programme – Strategy & Implementation Plan**Summary**

1. The purpose of this report is to present for approval the Strategy and Implementation Plan for the Local Authority Carbon Management Programme. This document sets targets for reduction of carbon dioxide emissions from City of York Council activities and outlines a project structure enabling these targets to be achieved.

Background

2. In April 2007 City of York Council was selected for the Local Authority Carbon Management Programme. This one year programme, run by the Carbon Trust, helps local authorities to measure the CO₂ emissions for which they are responsible, to set a target for reducing these emissions and set out an action plan of how this will be achieved.
3. The report 'Environmental Sustainability Strategy and Action Plan towards a Climate Change Strategy for the City' dated 11th September 2007 outlined the action plan and details the target '*The City of York Council will reduce its CO₂ emissions by 25% on 2006/07 baseline by 2013*'.
4. The final Strategy and Implementation Plan for approval is attached as Annex A.

Consultation

5. Executive endorsed the Environmental Sustainability Strategy and Action Plan towards a Climate Change Strategy for York in September 2007. An update report was received by Executive on 18 December 2007.
6. The Strategy & Implementation Plan has been discussed and approved by the senior officer/member Carbon Management Board. An officer steering panel including representatives from each

directorates have identified the baseline and potential projects to reduce this baseline and has been involved in the development of the SIP. Other officers who will have a major input to the delivery of the programme have also been consulted on the draft SIP.

Options

7. This is a final report and the option is whether or not to approve the report.
8. If it is approved the project will begin immediately and projects will be instigated in the near future to begin carbon savings. If it is rejected then there will be a delay in starting the programme.

Analysis

9. Contained in the report attached as Annex A

Corporate Priorities

- The SIP meets the following corporate and partnership objectives.
- 'Without Walls' – the Community Strategy which provides the sustainable framework for York;
- Corporate Direction Statement – *“We will seek to place environmental sustainability at the heart of everything we do”*
- Corporate Improvement Priority – *“Reduce the greenhouse gas emissions from council activities and encourage, empower and promote others to do the same”*
- Executive sign-up to the Nottingham Declaration on Climate Change
- Corporate Value Statement – *“Encouraging Improvement in everything we do”*

Implications

10. Financial – A budget of £250,000 was approved for inclusion in the 2008/09 capital programme to spend on carbon reduction projects. Match funding is available for building and streetlighting related carbon reduction projects from Salix. An application for Salix will be submitted early in the 2008/09 financial year.
11. Many projects which save carbon dioxide emissions also save money because of reduced energy bills (gas, electricity and fuel). Revenue savings achieved as a result of a project funded from the carbon capital programme will be returned to the carbon fund so that they can be spent on future carbon reduction projects. This mechanism is

a requirement of an application for Salix funding. A majority of the carbon reduction schemes also result in energy savings. Therefore an element of the carbon reduction programme can be self financing. The Executive have two main options in the approach to funding a carbon reduction scheme.

12. Human Resources: - Two new posts will be created: a Carbon Manager and a Data Analyst.. The job description of the currently vacant post of Assistant Sustainability Officer will be rewritten to account for one of the two new posts. It is envisaged that the other post will be funded from Salix.
13. Equalities, Legal, Crime and Disorder. There are no implications in these areas
14. Property and IT – contained in the report attached as Annex A

Risk Management

15. Failure to meet carbon emission targets may result in the council being financially penalised under the Carbon Trading Scheme (including the Carbon Reduction Commitment (CRC)).
16. Failure to achieve reductions in energy use could result in further financial pressures for the council in a volatile energy market.
17. Failure to coordinate our approach to sustainability may result in a reduced level of performance in pursuit of the council's priorities.
18. To the image and reputation of the council.
19. A risk and issues log has been started and is at section 7.4 of the report attached as Annex A

Recommendations

20. Members are asked to consider approval of the City of York Council Strategy and Implementation Plan for the Local Authority Carbon Management Programme.
21. Reason: To ensure a coordinated approach to the management of carbon emissions from council activities, with targets and milestones.

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Wards Affected: All

Report Approved **Date**

For further information please contact the author of the report

Background Papers

Report to and minutes of Executive 11th September 2007 –

- Environmental Sustainability Strategy and Action Plan towards a Climate Change Strategy for the City.

Report to and minutes of Executive 18th December 2007

- Environmental Sustainability Strategy and Action Plan towards a Climate Change Strategy for the City – Update Dec. 2007.
- Carbon Management, Energy and Sustainability – funding mechanism

Annex:

a. Local Authority Carbon Management Programme: City of York Council Strategy and Implementation Plan.



Local Authority Carbon Management Programme

City of York Council

Strategy and Implementation Plan (SIP)

DRAFT

Date: 9 April 2008

Version number: 7

Owner: Mike Slater

Approval:



Foreword from the Carbon Trust

Cutting carbon emissions as part of the fight against climate change should be a key priority for local authorities - it's all about getting your own house in order and leading by example. The UK government has identified the local authority sector as key to delivering carbon reduction across the UK inline with its Kyoto commitments and the Local Authority Carbon Management programme is designed in response to this. It assists councils in saving money on energy and putting it to good use in other areas, whilst making a positive contribution to the environment by lowering their carbon emissions.

City of York Council was selected in 2007, amidst strong competition, to take part in this ambitious programme. City of York Council partnered with the Carbon Trust on this programme in order to realise vast carbon and cost savings. This Carbon Strategy and Reduction Plan commits the council to a target of reducing CO₂ by 25 % by 2013 and underpins potential financial savings to the council of around £1 million.

There are those that can and those that do. Local authorities can contribute significantly to reducing CO₂ emissions. The Carbon Trust is very proud to support City of York Council in their ongoing implementation of carbon management.

A handwritten signature in black ink, appearing to read "Richard Rugg".

Richard Rugg
Head of Public Sector, Carbon Trust

Foreword from City of York Council

The Council has adopted as one of its corporate priorities a commitment to reduce the environmental impact of our activities. We became involved in the Local Authority Carbon Management Programme because of the great importance in reducing our carbon dioxide emissions, which in turn will contribute to reducing our impact on climate change. We are pleased to present this Strategy and Implementation Plan which sets out how City of York Council will reduce its carbon dioxide emissions over the coming years.

The potentially catastrophic consequences of global warming are a cause for action and we have set ourselves a challenging target to reduce our corporate carbon dioxide emissions by 25 % over the next 5 years on all our non-housing activities. This is only a short-term target and in the years that follow we intend to reduce our carbon footprint further. The target to reduce the carbon emissions from our housing stock presents different challenges. It is recognised that more work needs to be done before a specific target is set later in 2008.

We recognise that reducing our carbon footprint is something on which the Council should set an example to others in the city. We hope that this strong lead will encourage other employers, organisations, and individuals within the city to follow.

Stephen Galloway
Leader
City of York Council

Bill McCarthy
Chief Executive
City of York Council

Andrew Waller
Executive Member
Neighbourhood Services

Bill Woolley
Director for City Strategy
Carbon Champion

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Approvals

This Strategy and Implementation Plan is to be presented to the Executive on 22 April for approval.

Management summary

Over the financial year 2007/08 City of York Council has taken part in the Carbon Management Programme run by the Carbon Trust. This Strategy & Implementation Plan is the culmination of the past year's work. It proposes targets on carbon reduction, some of the projects to be carried out and the changes in management structure which will be needed in order to meet the targets.

This strategy is a key action within the Environmental Sustainability Strategy and forms part of the corporate strategy to "seek to place environmental sustainability at the heart of everything we do and to reduce the environmental impact of council activities and encourage, empower and promote others to do the same."

We have measured the baseline of our emissions for the financial year 2006/07. This stands at a little over 23,000 tonnes of CO₂ per year arising from our own activities (council owned buildings including schools, street lighting, fleet transport, in work staff travel, and council organisational waste). An additional 34,500 tonnes is estimated to come from the housing stock.

The targets we have set ourselves are to reduce the carbon dioxide emissions arising directly from City Council activities by 25 % of this baseline by the end of March 2013, and to reduce the emissions from the council housing stock with a specific target for this to be determined in 2008 after further work has been undertaken.

A list of potential projects which will target reducing carbon emissions has been drawn up. These include some existing projects, and some new work aimed at improving building energy efficiency, reducing waste and changing behaviour. A fund has been established to pay for these and other projects. The fund has been started with £250,000 from the capital programme, but additional funding will be required over the next five years in order to meet the targets. Predicted financial savings from the proposed projects are over £1 million.

If no action is taken, the carbon emissions resulting from City Council activities would be expected to continue to rise, adding to global warming and costing more in terms of increased energy and fuel bills.

As part of the Carbon Management Programme a senior officer/member Carbon Board has been established. The Board will continue to oversee the management of the programme and a Carbon Manager will be appointed to manager the project on a day to day basis. A data analyst will work on providing the background information to monitor our progress against targets.

The progress against the targets will be monitored at Corporate Management Team.





1 Introduction

City of York Council joined the Carbon Trust's Local Authority Carbon Management Programme in April 2007. This programme provides technical and change management support to help local authorities realise carbon emissions savings. The aim is to reduce emissions under the direct control of councils, whether caused by energy use in buildings, street lighting or vehicle fleets.

To date 143 local authorities have been involved in the Carbon Management Programme since 2003/04. City of York Council joined phase 5 of the programme in 2007/08 with 44 other local authorities. Average savings achieved over the first four phases of the scheme equate to 5,800 tonnes of CO₂ and £430,000 per authority per year. York aims to be saving 5,810 tonnes CO₂ and has so far identified projects which could save £263,000 per annum by 2013.

The Carbon Trust programme lasts a year, during which time consultants are available to assist with running workshops and to give advice and support. A framework of a five-step process leads to writing a Strategy and Implementation Plan (this document) which sets out the route to achieving the target reductions over the following five years.

This Strategy and Implementation Plan (SIP) will be seeking approval from the Executive in April 2008. It covers a five year action plan over the period April 2008 to April 2013, during which time the target is to achieve a 25% reduction in City of York Council's CO₂ emissions on all our non-housing activities. The target for reduction in the emissions attributable to the housing stock will be set after further work has been undertaken.

2 Carbon Management strategy

2.1 Context and drivers

There are a number of existing national and local activities and policies which set the background to reduction of carbon dioxide emissions and sustainability. This Strategy & Implementation Plan takes these policies on carbon reduction at City of York Council forward with direction and targets.

National:

- Climate Change Bill: Targets to reduce CO₂ emissions by 60% by 2050
- Energy White Paper: Set up of the Carbon Reduction Commitment (CRC), a carbon trading scheme for all large public and private sector organisations, which will commence in 2010
- The new Local Performance Framework: Targets to reduce emissions from council activities and the community as a whole.

City of York:

- Sustainable Community Strategy: Targets to reduce the ecological footprint of York to 3.5 ha per person by 2030 from 6.98 ha per person now.
- LSP led Climate Change Strategy for the City: Working with each partnership to identify actions towards meeting the national carbon reduction targets.

City of York Council

- Corporate Strategy 2007 – 2011: “Seek to place environmental sustainability at the heart of everything we do. Reduce the environmental impact of council activities and encourage, empower and promote others to do the same.”
- Environmental Sustainability Strategy: Providing a co-ordinated framework for environmental improvements within the council
- Environmental Policy & Environmental Management System: This policy and EMS which is under development is the mechanism by which environmental improvements will be monitored, measured and improved.
- Council wide policy framework including development of:
 - Energy and Water Management Policy
 - Sustainability in Design and Construction Policy
 - Sustainable Procurement Policy
 - Joint Municipal Waste Strategy – “Let’s Talk Less Rubbish”

It is recognised that human activity has increased the level of carbon dioxide and other greenhouse gases in the atmosphere and that global temperatures are increasing. The 2006 “Stern Review: The Economics of Climate Change” states that the concentration of CO₂ and equivalents of other greenhouse gases are rising at an

average of 2.3 ppm per year. Stern estimates that the average global temperature has increased by 0.7 °C over the last 100 years and is now rising at an increasing rate of 0.2 °C per decade. International agreement was reached at the Kyoto summit in 1997 to reduce the level of greenhouse gases in the atmosphere.

The UK committed to reducing CO₂ by 12.5 % over 1990 levels by 2008 – 12. The 2003 Government White Paper “*Our Energy Future: Creating a Low Carbon Economy*” had as one of its four main goals:

“To put ourselves on the path to cut the UK’s carbon dioxide emissions by some 60% by about 2050 with real progress by 2020.”

The 2007 Energy White Paper further strengthened this goal, with the announcement of the Climate Change Bill. One of the measures included in this bill is to introduce the carbon reduction commitment (CRC), which will enable the Government to charge local authorities, who are responsible for carbon emissions over a threshold value, a levy for every tonne of CO₂ emitted.

The commitment to reduce greenhouse gas emissions from council activities is a priority action for City of York Council. This builds on existing commitments of the council to reduce its ecological footprint within the Community Strategy, and in 2005 signing up to the Nottingham Declaration on Climate Change. The Council’s commitment within its Corporate Strategy to reduce greenhouse gases from its own operations underpins the Council’s leadership role in developing a city wide Climate Change Strategy through the Local Strategic Partnership.

The Council is already doing much to support sustainability. Significant projects such as the PV energy generation and exemplar design and construction at the EcoDepot, the biomass boiler and low energy design at Danesgate School and the proposed sustainable build and energy generation for the new council administration building at Hungate are all examples of new buildings making significant carbon savings. The Environmental Sustainability Strategy, agreed by Executive in September 2007, provides the framework and action plan for a measured, managed and co-ordinated set of actions to improve our environmental performance by reducing our most significant environmental impacts.

Sustainable options are given priority on all school projects where replacement heating systems are required, as demonstrated by the new York High School.

This Carbon Management Programme is the action we are taking to reduce the carbon emissions of the council.

2.2 Vision

To reduce the greenhouse gas emissions from council activities and encourage, empower and promote others to do the same.

2.3 Objectives and targets

- To reduce the Council's carbon emissions from its own activities by 25% by 2013
- To reduce the carbon emissions from the Council's housing stock by 25 % by 2020
- As a consequence of the cost savings from the above, to reinvest to produce further carbon savings
- To embed carbon management into corporate policy and management practice
- To capture opportunities for using low carbon technologies and practices
- To support implementation of the Council's corporate strategy by reducing greenhouse gas emissions,
- To raise awareness and understanding of Climate Change amongst staff and Members and involve them in identifying and implementing Carbon Management actions
- To lead by example and encourage community partners, business and public to reduce carbon emissions
- To contribute to the Sustainable Community Strategy target to stabilise and reduce the Ecological Footprint of the City.

2.4 Strategy

The Carbon Management Programme will seek emissions reductions in the following areas:

- Council owned building portfolio
- Schools
- Street lighting
- Council fleet transport
- In work council travel
- Council's organisational waste
- Social housing

Offsetting of carbon emissions by, for example, planting trees or paying for carbon reduction measures elsewhere in the World will not be part of the strategy. City of York Council sees that it is important to reduce the carbon emissions from its own activities as much as possible, and not to rely on other organisations to do it on our behalf.

Similarly, we will not count any purchase of energy generated from renewable sources towards the 25 % target set out in this strategy. Only power generated from renewable energy plant owned and operated by the City Council will count towards our carbon reduction target.



The Council will support the implementation of the Carbon Management Programme as a key action within the recently approved Environmental Sustainability Strategy. Additional policies supporting the implementation of this programme include:

- Energy and water policy
- Sustainability in design
- Street lighting strategy
- Joint Municipal Waste Strategy
- Travel plan

The council has established a corporate member/officer Carbon Board to give strategic co-ordination and implement an eligibility criteria by which to allocate funding to carbon reduction programmes.

The council has established a corporate fund to support carbon reduction activities. It is intended this fund will be a combination of capital, prudential borrowing and external grants. It will be administered through the corporate Carbon Board.

Communication of progress will be through regular reports to Executive, and Directors will report quarterly to CMT on an item on carbon targets that will be added to the Corporate Dashboard.

Communication to staff will be through regular awareness raising programmes, in addition to the activities of staff across the council.

3 Emissions baseline and projections

3.1 Scope

The baseline measures the CO₂ emissions from the following areas of council activity:

- Council owned building portfolio
- Schools
- Street lighting
- Council fleet transport
- In work council travel
- Council's organisational waste
- Social housing

The information from household waste was captured however not included within the baseline activity. The reduction in CO₂ emissions from household waste is being managed through the Joint Municipal Waste Strategy – “Let's Talk Less Rubbish”.

3.2 Baseline

The baseline of City of York Council is estimated at approximately 57,800 tonnes of CO₂ (23,238 from the Council's activities and 34,545 from the housing stock). The financial year 2006/07 was used as the year for which the baseline has been calculated because it is the last full year for which figures are available. These emissions have been collated from a variety of known and estimated sources.

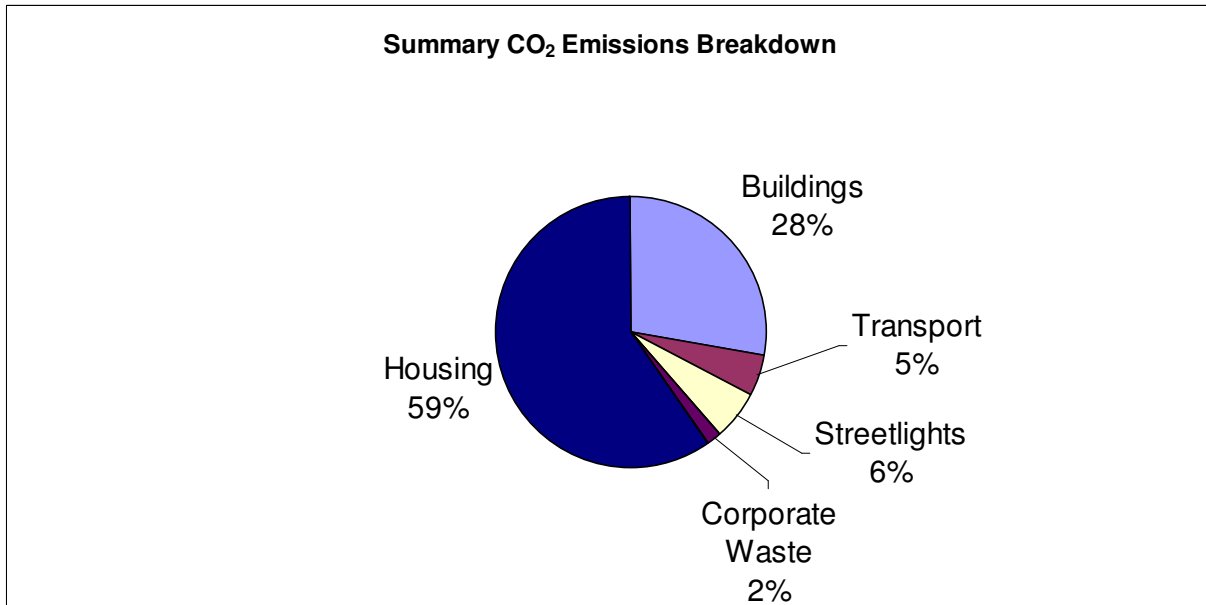
Gathering the information has not been easy, given the current disparate monitoring systems at City of York Council, for example, many gas and electric bills have been estimated. However, the baseline gives the most accurate estimate possible at present. As carbon management progresses, data gathering will improve and the baseline in future years will be known with more certainty. This is a recognised risk which will be included in the risk log for the project.

More detailed information about where the baseline data has come from and how it was calculated is contained in Appendix A.

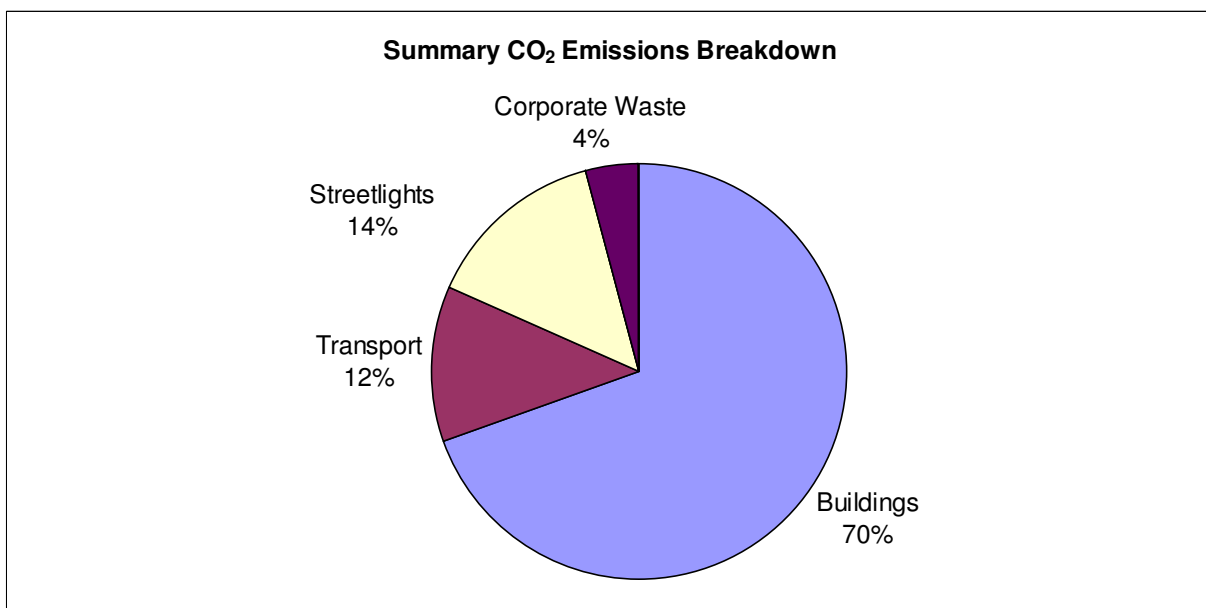
	Buildings	Streetlighting	Transport	Corporate waste	Total
CO ₂ emissions (tonnes)	16,146	3,267	2,845	980	23,238
Proportion (%)	70	14	12	4	100
Energy costs (£,000)	1,307	375	1145	53	2,880
Proportion (%)	45	13	40	2	100

Table A. The 2006/07 baseline showing proportion of CO₂ and costs from different sources. Details of the source of these costs and emissions are contained in Appendix A.

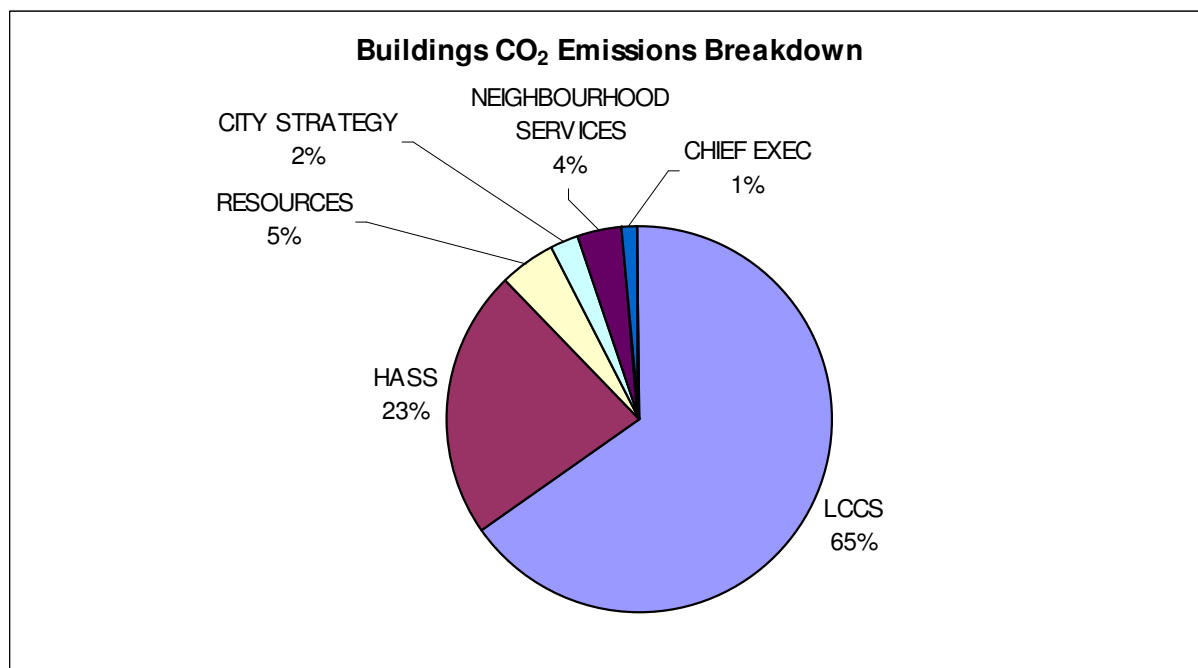
It is estimated that the Council housing stock emits 34,545 tonnes of CO₂ per year. This is significantly more than the 23,238 tonnes for which the Council is directly responsible from its own activities. The financial saving from any improvements to the insulation or energy performance of a dwelling results in an improved environment and reduced bills for our tenants, and no financial saving for reinvestment by the City Council. Whilst this makes the financing of Housing projects more difficult, working in partnership with other agencies will mean that a 25 % reduction by 2020 is achievable.



Pie chart 1. CO₂ emissions including housing



Pie chart 2. CO₂ emissions excluding housing



Pie chart 3. showing the CO₂ emissions for buildings by Directorate

3.3 Projections

The baseline represents a snapshot in time, and it is not known whether there is a trend in energy use at CYC. Many external organisations not actively trying to reduce their emissions are increasing the amount of energy used. DTI (now BERR) data suggests that, without taking action, gas electricity and fuel oil use will increase at an average of 0.7 % per year, and that fuel for transport use will increase at a rate of between 1.7 and 1.9 %.

Costs of electricity, gas and vehicle fuel are increasing at a rate higher than inflation. On average over the last 5 years electricity and gas prices have increased at a rate of 3.5 % pa and vehicle fuels have increased at a rate of 5 % pa. The Climate Change Levy (CCL) will increase gas, electricity and fuel oil prices by 2 % pa from 2010.

Business as usual (BAU) will mean significant increases in costs and CO₂ emissions. The following table shows the predicted increases in CO₂ emissions if no improvements or investment is implemented:

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Emissions (tonnes CO ₂)	23,238	23,432	23,628	23,826	24,026	24,227	24,431

Table B. Potential increases in emissions if no action is taken

City of York Council is already reducing its carbon footprint through projects that have already been implemented or are underway. For example, the new EcoDepot which opened in December 2006, York High School due for completion in 2009 and Hungate

due for completion in 2010. These projects will all save significant amounts of CO₂ emissions and reduce energy consumption. They all also include some form of renewable energy generation.

If CYC saves the target of 25 % of CO₂ emissions, then using the Carbon Trust's calculation method by 2013 there will be substantial financial savings.

3.4 Past actions and achievements

In December 2006 Neighbourhood Services moved from the old depot on Foss Islands Road to its new purpose built EcoDepot. The new EcoOffice which achieved a BREEAM rating of "very good" is to a high environmental specification: it includes locally sourced straw bails, traditional lime plaster and a photovoltaic array with an output of 50 kWp. In the first full year of operation this array has generated 43,000 kWh of electric power for the new depot. A 15 kW wind turbine is planned for the site. This will further reduce the requirement for electricity generated by fossil fuels.

In the first nine months of operation the new depot has saved 36,000 kWh of electricity over that used on the old site. This is partly due to the new pv panels and is an equivalent of 16 tonnes of CO₂ and has saved the council £1,800. The new depot has also saved an estimated 50,000 kWh of gas over the old site, equivalent to 9 tonnes CO₂.

Several other building projects are committed which will save large amounts of CO₂ over the existing buildings. These include the new York High School which is a merger of Oaklands and Lowfields schools and the new swimming pool at Oaklands Sports Centre, which will replace Edmund Wilson Swimming Pool. The new swimming pool is to get a proportion of its heat from a large array of solar thermal collectors on its roof. These are expected to generate 82,000 kWh of heat, saving 15.6 tonnes of CO₂ and £820 per year.

The new office at Hungate will provide office space for the large majority of office based Council staff who are currently dispersed around the city in 16 different buildings. The design brief for the new office is that it should reach a rating of at least BREEAM "very good", with a desire for it to achieve the "excellent" rating. It will incorporate some on-site renewable energy generation. The exact design of this is still to be finalised.

New biomass boilers have been recently installed at Acomb Library and at the Danesgate Skills Centre. The new York High School will incorporate a biomass boiler as part of the redevelopment. It is also hoped to include a biomass boiler in the replacement Joseph Rowntree School planned to be opened in spring 2010.

The recent refurbishment of Yearsley Swimming Pool which included improved insulation of the building has cut the building's heat requirement by 52%. The building is heated by steam provided by Nestlé from their chocolate factory. The reduced requirement for steam has saved an estimated 230 tonnes of CO₂ per year.



Household waste is not included in the baseline, but it is worth noting that York achieved its target of recycling 40 % of household waste at the end of the 2006/07 financial year. This is 3 years in advance of the target deadline and was achieved from a low base of 15 % in 2003/04 and the rate of annual increase in recycling was very high. This shows what can be done when a project is a corporate priority and is well driven. It promises well for the Carbon Management Programme which also has a tough target to achieve in a short timeframe.

In the baseline year of 2006/07 the council housing stock had an average SAP rating of 71 (SAP is the Standard Assessment Procedure which is a recognised measure of a building's energy performance). This compares well to the national average of 68 for the same year. York's SAP rating is increasing as the decent homes programme progresses due to heating systems being improved for more efficient versions and insulation levels being increased.

The Council's Travel Plan includes several initiatives designed to encourage staff to use more environmentally sustainable forms of transport both on the way to work and when at work. These include: pool bikes; pool cars; park and ride permits; schemes for loans for the purchase of cycles and bus passes, provision of cycle parking at all work places. All schools are required to write their own green travel plans.

4 Carbon Management Implementation Plan

4.1 Shortlisted actions and emission reduction opportunities

As part of the Carbon Management Programme an opportunities workshop was held on 9 October 2007. At this workshop a large number of ideas for possible projects were discussed. These were then reduced to a smaller number of projects which were priced and evaluated for their practicality. The most promising of these are listed in summary form in the tables below. These projects make a good start for the first two years of the programme, but they do not reach the 25 % target. More work will need to be done in 2008 and future years in order to identify other opportunities for CO₂ reductions. Further details of each of these projects are included in Appendix B.

The projects are divided into a number of tables showing:

- (i) projects already committed
- (ii) no-cost or low cost projects
- (iii) longer term investment projects
- (iv) projects which require further investigation
- (v) housing projects are listed separately as there is a different timeframe on this target and savings from those projects do not go into the corporate pot.

(i) Projects already committed

The following projects had already been committed before the start of the Carbon Management Programme. Whilst they contribute to CO₂ savings, this was not the primary objective in setting up the projects. The budget for all these projects has already been allocated and they will not require further funding from the carbon management budget.

	Project	Lead Officer	CO ₂ Savings (tonnes)	% saving from baseline	When by?
1	Hungate	Maria Wood	800	3.4	Dec 2010
2	Integrated transport	Steve Morton	70	0.3	Oct 2010
3	EcoDepot		25	0.1	complete
4	York High & Oaklands Sports Centre	Maggie Tansley	904	3.9	2008/09
5	Yearsley Pool	Andy Laslett	230	1.0	complete
6	Joseph Rowntree new build	Maggie Tansley	250	1.1	Feb 2010
7	Office recycling	Peter Davison	150	0.6	2008
		Total	2,429	10.4	

Table C

(ii) No or low cost projects

The following projects will not cost much to set up and have a quick payback period. They would be ideal projects to implement early on in the programme. The recycling of waste in schools will be cost neutral, so can start when the infrastructure is in place. The other two projects will need approval from the carbon board and funding from the carbon budget.

	Project	Lead Officer	CO ₂ Savings (tonnes)	% saving from baseline	When by?
8	Recycling of waste in schools	Peter Davison	111	0.5	2008
9	Staff behaviour changes, energy champions, smart meters	Gary Christie/ Carbon manager	820	3.5	Subject to funding & approval 2008
10	Turn heating down to 19 ^o C in admin buildings, alter heating system time clocks	Gary Christie	120	0.5	Subject to funding & approval 2008
Total			1,051	4.5	

Table D

(iii) longer term investment projects and projects not yet committed

The following table includes promising projects that have a longer payback period and need further investigation to check that they are feasible and to see which will give the best carbon savings and quickest payback.

	Project	Lead Officer	CO ₂ Savings (tonnes)	% saving from baseline	When by?
11	Extend EMS/BMS in schools	Gary Christie	204	0.9	Subject to funding & approval 2009
12	Improve insulation	Gary Christie	251	1.1	Subject to funding & approval 2009
13	Power perceptor voltage power optimisation	Gary Christie	430	1.9	Subject to funding & approval 2008
Total			885	3.9	

Table E

(iv) projects requiring further investigation

The following projects are being trialled and may be suitable for larger scale implementation if they prove successful.

Project		Lead Officer	CO ₂ Savings (tonnes)	% saving from baseline	When by?
14	Renewable energy in bollards trial	Ricky Watson	14	0.1	2008
	Renewable energy in bollards potential		(56/yr)	(0.2/yr)	2009 - 2013
15	Efficiency of streetlights trial	Ricky Watson	0.5	0	2008
	Efficiency of streetlights potential		(24)	(0.1/yr)	2008 - 2040
16	Satellite tracking of vehicles trial	Chris Slade	10	0	2008
Total by 2013			354	(1.5)	

Table F (The trial costs are shown with potential costs in brackets if the projects are rolled out).

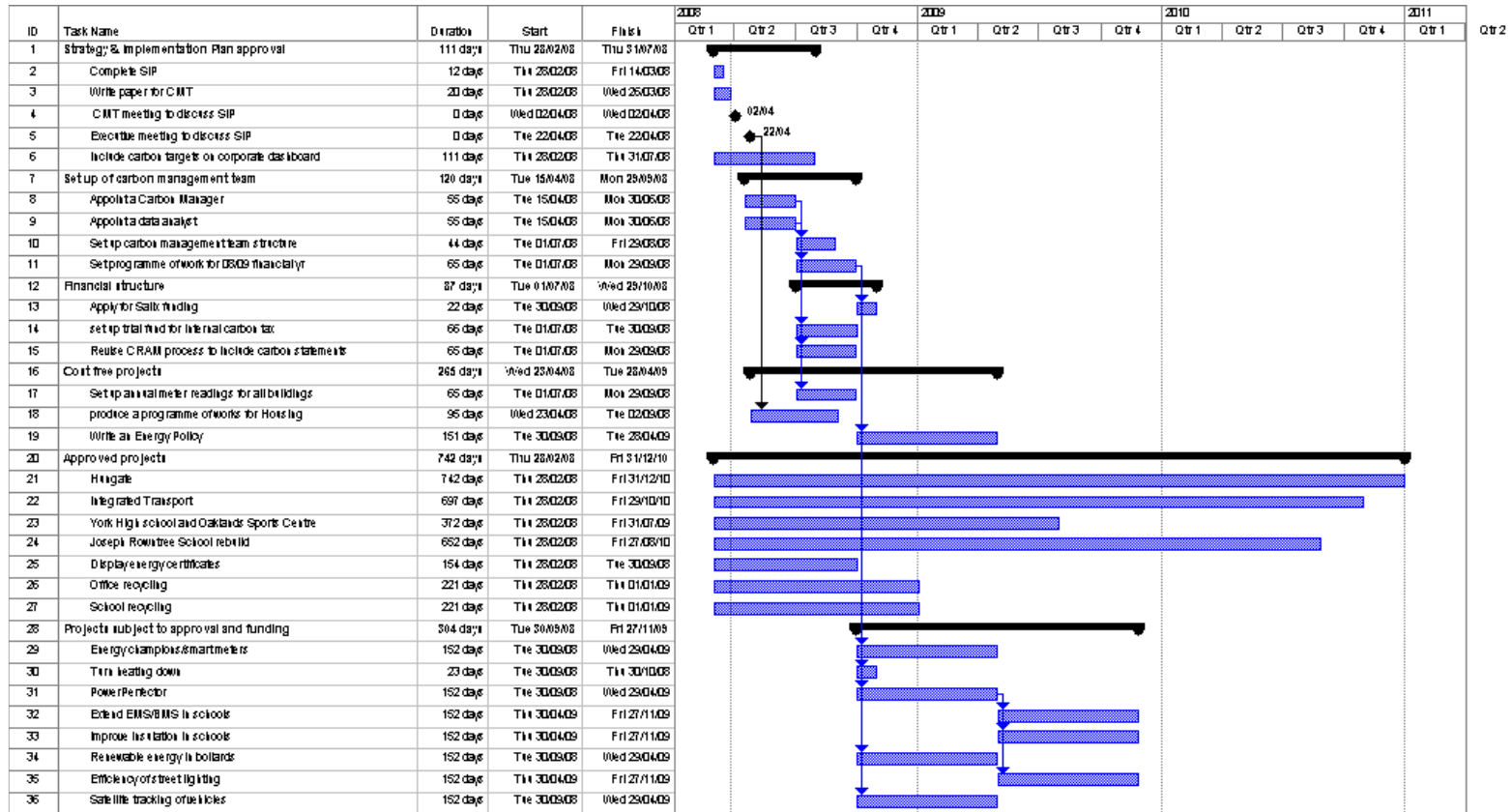
(v) Housing related projects showing savings on the Housing Baseline

The projects below are committed on the Housing Capital Programme and arise from the commitment to meet the Decent Homes Standard by 2010. Savings from the housing baseline are separate from the savings in tables i to iv, and cannot be added.

Project		Lead Officer	CO ₂ Savings (tonnes)	% saving from Housing baseline	When by?
H1	Loft insulation DHP	Mark Grandfield	211	0.3	2008/09
H2	Replacement boilers TC & DHP	Mark Grandfield	2,926	4.2	2010/11
H3	Render 11 blocks of flats DHP	Mark Grandfield	83	0.1	2010/11
Total			3,220	4.6	

Table G

4.2 Implementation plan summary



5 Implementation Plan financing

City of York Council's current total energy bill is approximately £2.8 million. The figures below include schools, but exclude the council housing stock:

Electricity in buildings	£820 k
Gas in buildings	£451 k
heating fuel oil in buildings	£37 k
vehicle fuel	£1,145 k
electricity for street lighting	£375 k

Energy prices are predicted to increase significantly in the next few years. A conservative estimate of a 5 % increase per year would mean fuel costs rising at £150,000 per year. These potential price increases are a cause for action.

The Carbon Reduction Commitment (CRC) applies to organisations with half hourly metered electricity of greater than 6,000 MWh per year. The scheme will start in January 2010 and with the cost of the levy expected to be 2 % of the electricity bill. The details of how the costs will be charged and how it will function are not yet finalised.

5.1 Funding sources

A bid for capital funding worth £250,000 has been approved through the CRAM process. A bid will also be submitted for match funding from Salix. If both bids are successful, there will be a fund of £500,000 which will be available to be spent on carbon reduction projects. Any revenue savings from these projects will be ploughed back into the fund so that further projects can be paid for.

Salix funding is restricted to certain projects associated with buildings and street lighting. It cannot be used on projects to save vehicle fuel or on waste reduction. The Salix funding is dependent upon a commitment to recycle the revenue savings into funding future projects. Salix provide assistance in specification of projects to ensure that they are correctly priced and projected savings are realistic.

A list of projects suitable for funding will be put together. The existing carbon management programme board will continue and agree the projects which can be funded subject to EMAP and/or executive approval. Initially, priority will be given to projects which have a quick payback time and which have high carbon savings. This will enable the savings to be used to pay for further projects. As time goes on the savings will increase. The Carbon Trust has provided a spreadsheet which helps to identify the most effective projects to pursue.

On 18 December 2007 Executive approved the report "Carbon Management, energy and sustainability – funding mechanism". This report recommended that:

"all capital investment in buildings should give full consideration to the need to meet the council's targets for reducing carbon emissions, reducing the use of the energy resource and complying with best practice on all issues of design and environmental sustainability

consideration should be given to this need when making bids for financial resources to deliver projects

a financial and target business case should be prepared for all projects”

This agreed policy needs to be conveyed to all project officers who instigate and manage capital projects to ensure that it is implemented, and a section on carbon emissions should be included as part of the CRAM form to ensure that it is considered at project proposal stage.

The Carbon Manager will advise CAMG on suitability of projects and be available to advise directorates on the details they need to include in their bids.

5.2 Education funding

Subject to final approval by the Strategy for Change by Schools and others, the Primary Capital Programme will begin in April 2009. Funding of £8.3 million has been allocated for 2009 – 11. The Primary Strategy seeks to not only improve primary facilities but also remove surplus places from the system. As a result we are likely to see some reduction in overall primary school numbers with opportunities arising from new build developments to build in some carbon saving measures.

The LA's formula funding amounts to approximately £2.25million pa and in addition schools directly receive Devolved Formula Capital (DFC) of £3million pa. There is an opportunity to influence some of this expenditure. However, there are competing priorities at schools, and the main route for funding carbon reduction projects will probably be through including energy saving measures during major capital works and potentially prudential borrowing.

Funding has been approved to rebuild Joseph Rowntree School. The aspiration going into the design phase is that it will be carbon neutral. In the baseline year this building emitted 420 tonnes CO₂, so this represents a saving of 1.8% of the Council baseline (excluding Housing).



5.3 Summary of predicted costs and savings

More detailed information for each of the projects in the above tables are included in Appendix B. This includes predicted set up capital costs and revenue savings. These are approximate costs at this stage based on estimates and benchmark figures. It is clear from the project data sheets that although they represent a very good start, they do not reach the target of 25 % reduction in CO₂ for either the Council's activities or the housing stock. More projects will need to be identified and costed over the next two years to ensure that the target reductions can be achieved.

The secured funding of £250,000 on the capital programme and potential £250,000 grant from Salix will pay for some of the proposed schemes, but will not be sufficient to pay for all of the projects needed to achieve the target. This is particularly true in Housing, where significant funding will be required over the next 13 years. Future capital funding bids will need to be submitted in order to continue the investment programme and to achieve the target.

It should be made clear that the revenue cost savings shown in the project sheets are against current energy costs. Expected increases in costs arising from predicted higher than inflation rises of energy (in the form of gas, electricity and fuel) and the introduction of the carbon reduction commitment are not included. The full revenue savings (over what would have been due had no action been taken) will need to be re-invested into the carbon fund in order that further projects can continue in future years.

6 Project management and communications

6.1 Project management

Carbon Management will be project managed using the Prince2 methodology in accordance with council policy.

The council's Director of City Strategy (Bill Woolley) will adopt the role of "Carbon Champion" for City of York Council.

A new job of Carbon Manager will be created. This will be funded by reprioritising existing staff resources.

The existing Board of:

Bill Woolley - Director of City Strategy
Cllr Andrew Waller – Executive Member for Neighbourhood Services
Steve Morton - Corporate Finance Manager
Neil Hindhaugh – Assistant Director: Head of Property Services

will continue to oversee the carbon management project and provide strategic support to the Carbon Manager to ensure success of the project at a corporate level.

The Carbon Manager will manage the project on a day to day basis supported by a Project Planning Team of established and experienced technical and support staff drawn from across the council. (This will include Sustainability Officer, Property Engineer, Energy Manager, Fleet Manager, Waste Manager, Finance Manager, Data Analyst and Administrative support).

The Carbon Manager will report regularly to the Board, on progress, policy recommendations, business cases for all investment proposals, target setting and monitoring, financial monitoring etc.

Recommendations seeking policy approval and agreement to investment programmes and priorities will be considered by the Board for submission to the council's Executive for approval.

The Carbon Manager will ensure that established and appropriate groups within the council are consulted and informed of direction and progress in carbon reduction. Notably:

- The Leader's Group (4 party representation)
- The Corporate Management Team (CMT)
- The Corporate Asset Management Group (CAMG)

The Leader's Group involvement will ensure cross party consensus/involvement in the management of Carbon Reduction for City of York Council.

CMT includes the Chief Executive and Directors of the Council. Each Director will have responsibility for ensuring that consideration and action to progress carbon reduction is to the fore and embedded in all aspects of their business, and that each directorate responds effectively to corporate carbon reduction initiatives of the council.

CAMG is a cross directorate group with responsibility for the management and investment in council assets. The group will ensure that carbon reduction initiatives become embedded in all schemes and investment in council assets in a corporate, consistent and coordinated way.

Delivery of the Carbon Management Project will be by way of a Project Plan coordinated and driven by the Carbon Manager. The Project Plan will include projects, initiatives and managed workstreams clearly allocated to delivery managers from appropriate directorates and services across the council. All of whom will report progress back to the Carbon Manager and project planning team through both check point and highlight reports.

One of the workstreams will focus upon behavioural and educational initiatives for the organisation. This will be chaired by the Carbon Manager, operate as a 'Forum' and include representatives from all directorates. It will also act as a conduit for performance monitoring of carbon reduction activity across all directorates and service areas.

Directors (or an appointed Assistant Director) will be responsible for carbon reduction performance and monitoring in their respective directorates and have a working relationship with their directorate's Forum representative. They will report to the Carbon Manager and to CMT on progress against Carbon reduction targets.

To ensure the carbon management improvements are delivered and that progress is checked effectively, action and targets need to be incorporated into the council's planning and performance framework. Work has already started on this and reviewing/calculating the carbon footprint of services will become an integral part of the directorate planning guidance from August 2008 onwards. The primary intention is to review this at a directorate business planning level, but this may initially need to be developed from service plan areas upwards.

Carbon management will also be reported in corporate performance reports from August. Initially, this will be covered under progress reports for the council's *'reduce the environmental impact of council activities'* corporate priority, which gets reported quarterly to CMT and the Executive through the Corporate Performance Dashboard. However, in the future, this may need to become a regular elements of the way we report progress under 'corporate health' - which currently covers resource management, equalities and Health & Safety.

Project Planning Team officers and members of the 'Forum' will be given appropriate time and resource in order to attend meetings and carry out tasks as contributors to the carbon management project. This may need to be written into their job descriptions. They will be provided with training to help them in their role as and when necessary. The funding for facilities time and training will come from each person's directorate.

A new post of data analyst will be needed in order to assist with collating information on what revenue savings have been made and how each Directorate is doing against their targets for carbon reduction. Administrative support will also be required.

In parallel with the final SIP, a report will go to Executive for approval.

The council has recognised that carbon reduction is only one of a number of inextricably linked initiatives that contribute to its developing Climate Change Strategy. The management of carbon reduction will not be undertaken in isolation, but in tandem with other initiatives. A paper was submitted to and approved by the council's Executive in December 2007 recommending that funding of 'sustainability' initiatives such as carbon reduction, energy management and conservation and sustainable design should be coordinated to ensure best use of limited resources. Every effort would be made to ensure that those investments providing financial savings as well as meeting the objectives of reducing carbon and energy use would be prioritised to ensure that those financial savings in future years could be recycled for further investment.

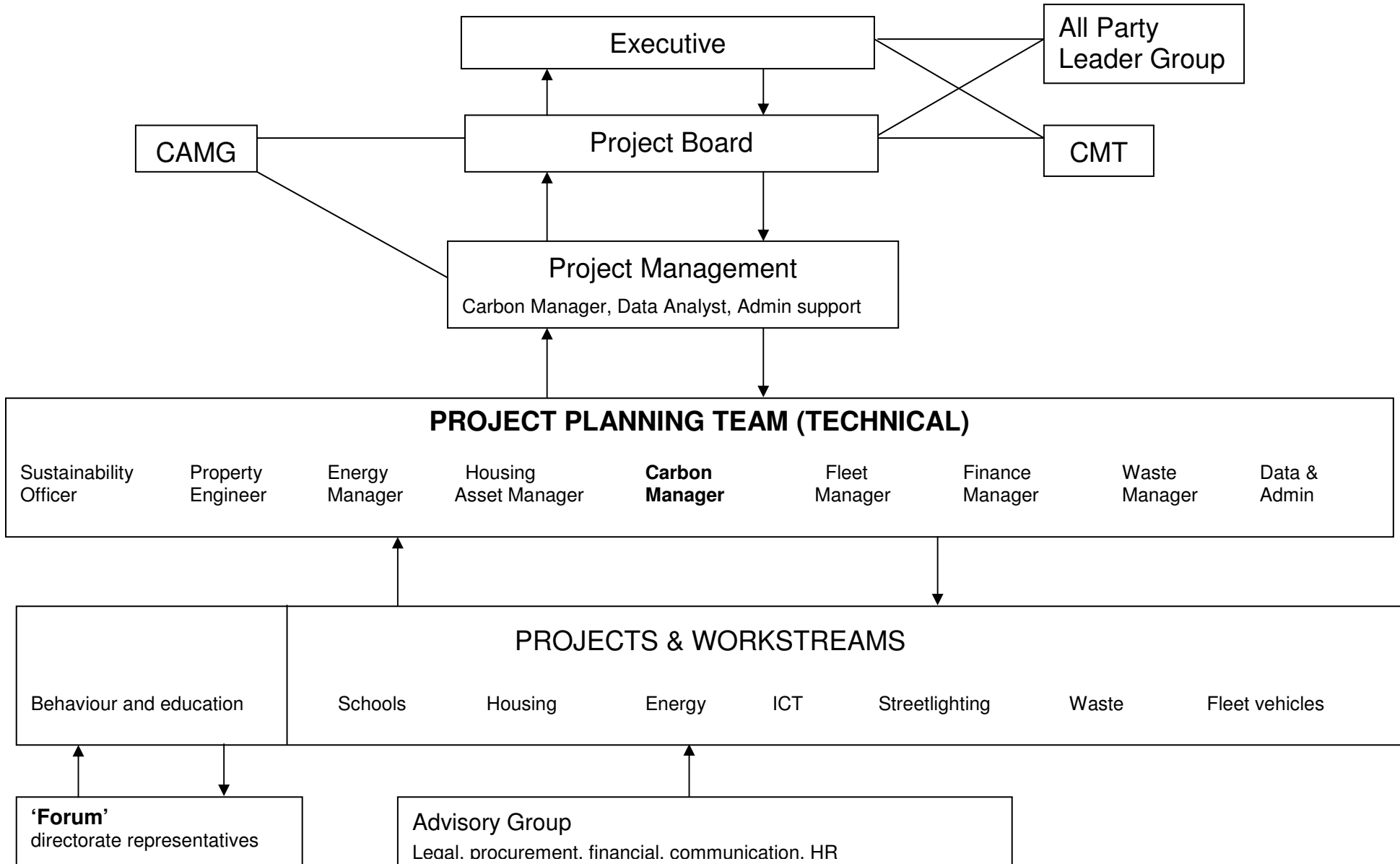
Policy alignment is needed with procedures in procurement, IT, transport, HR, property, energy management etc to ensure that carbon reduction is embedded throughout the organisation. The Carbon Manager will be responsible for liaising with those responsible for the relevant procedures to ensure that they are updated to reflect carbon reduction. An important policy which needs development is an energy supply policy. This has been included as project no 18 in Annex B, and will support several other projects.

6.2 Communications Plan

Two of the council's internal newsletters, namely, "News in Depth" and "News & Jobs", the intranet and relevant poster campaigns will be used to communicate with staff at regular intervals. There will be an initial article when the programme is launched in Spring 2008, and then regular reports to all staff to demonstrate progress against targets will help to embed carbon reduction into everyone's consciousness.

Information on the savings made in all areas will be collated and a quarterly summary will be circulated to all staff. This will enable staff to see how their actions are having an impact.

7 SIP governance, ownership and management – 7.1 Main roles and responsibilities





7.2 Members of the Forum:

New post	Carbon Manager	City Strategy
Jacqueline Warren	Sustainability Officer	City Strategy
Ricky Watson	Engineer (Projects) Highways	City Strategy
Annette Clarke	Internal Communications Officer	Chief Executives
Tom Shepherd	Investment Officer	Housing & Adult Social Services
Iain Johnson	Data Analyst	Housing & Adult Social Services
Samantha Judd	Project Manager	Learning, Culture & Childrens' Services
Chris Slade	Vehicle fleet manager	Neighbourhood Services
Elizabeth Wray	Waste Service Project Officer	Neighbourhood Services
Daniel Brookes	Health and Safety Officer	Neighbourhood Services
Ian Goater	Admin Assistant IT	Resources
Gary Christie	Energy Manager	Resources
Steve Dalby	Technical Admin Assistant	Resources
George Sands	Lead Design Engineer	Resources
Mark Stower	Procurement Officer	Resources

7.3 Carbon Management Implementation Plan: Responsibility Table.

Activity	Lead person	Others involved	Responsibility	Date
Achieve the target of 25 % reduction in CO ₂ emissions	Bill McCarthy	All staff and Members	Bill McCarthy, Steve Galloway	31 Mar 2013
Finalise SIP and present it to Executive	Tom Shepherd	Board	Bill Woolley	22 April '08
Appoint Carbon Manager, including securing funding.	Mike Slater	HR	Bill Woolley	31 May '08
Appoint data analyst, including reallocating funding for post	Mike Slater	HR, all Directors	Bill Woolley	31 May '08
Set up new structure of carbon management project team	Carbon Manager	Board	Mike Slater	31 July '08
Set programme of work for 2008/09 financial year	Carbon Manager	Project team	Board	31 Aug '08
Apply for Salix funding	Steve Morton	Simon Town, Carbon Manager	Steve Morton	31 July '08
Manage implementation plan	Carbon Manager	Project team, Board	Mike Slater	Ongoing
Manage risks and issues	Carbon Manager	Board	Mike Slater	Ongoing
Align policies on procurement, IT, transport, HR etc	Carbon Manager	Relevant departments	Mike Slater	31 March 10
Collate projects for inclusion in work programme, evaluate them for effectiveness & payback	Carbon Manager	Project team, Forum	Carbon Manager	Quarterly
Include carbon targets on the corporate dashboard	Peter Lowe	Tom Shepherd	Bill Woolley	August '08
Monitor & Review Progress against targets	Data Analyst	Carbon Manager Peter Lowe, CMT	Bill McCarthy	Quarterly
Manage stakeholders & communication	Carbon Manager	Board, Forum, Annette Clarke, Data analyst	Mike Slater	Quarterly
Communicate with All party leader group	Carbon Manager	Board	Bill Woolley	Ongoing
Communicate regularly with staff	Annette Clarke	Carbon Manager, data analyst	Carbon Manager	Quarterly
Set up trial fund for internal carbon tax	Carbon Manager	Steve Morton	Steve Morton	31 Aug '08
Submit proposals for finance for Carbon Management Activities	Carbon Manager	Tom Wilkinson, Steve Morton	Steve Morton	Ongoing
Seek additional external funding for projects	Carbon Manager	Simon Town	Carbon Manager	Ongoing
CRAM process to include carbon statements for capital projects	Tom Wilkinson	Carbon Manager	Steve Morton	31 Aug '08
Ensure annual meter readings are taken at all buildings	Data analyst	Gary Christie	Data analyst	31 Aug '08
Produce a viable programme of works to meet housing stock target	Mark Grandfield	Iain Johnson, Steve Waddington	Bill Hodson	31 Aug '08
Produce a written energy policy	Gary Christie	Carbon manager	Neil Hindhaugh	31 Mar '09

Table I



7.4 Risks and issues management

The Carbon Management project will be run using the Prince2 model. A risk and issue log will be set up by the Carbon Manager at the start-up of the project. This will then be discussed and reviewed at each quarterly board meeting, and each meeting of the carbon Forum.

Issues which may be included in the risk and issue log are:

- Data from some buildings is unclear. The gas data in particular is patchy and the information for many buildings has been estimated. If and when more accurate data is collected the baseline may change. This will alter the targets for CO₂ reduction.
- Schools have devolved budgets and are not compelled to abide by the Council's carbon reduction targets. They can only be encouraged to do so. On the whole they are very much in support of energy saving ideas and renewable energy projects, but they have conflicting priorities for resources.
- Services change. Some services which are currently run in-house may be contracted out to external organisations. In order to have continuity of the baseline, either the new service provider will need to provide carbon emissions data, or the original service will have to be removed from the baseline. Conversely, new services may come directly under council control, increasing the baseline. This will need to be accounted for when comparing savings against the original baseline.
- NI 185 will be introduced by the Government as a measure of how each LA is doing in carbon reduction against a baseline set in 2008/09. Many of the easy and cheap carbon reduction measures will have been implemented by then. This will mean that York may not show very well in comparison to LAs which are starting later on carbon management programmes. However, it may mean that we are better placed because we have the infrastructure in place. The baseline for NI 185 may include different measures which have not been included in the CMP baseline, and vice versa.
- The emissions resulting from the Council's contracts should be considered for inclusion in the baseline, including all the work that the council out-sources.
- Lifetime analysis has not been assessed in any of the information gathered in this report. Comparing it with the financial model of capital and revenue budgets, this project has only looked at "revenue carbon", that is the day to day energy which is used such as electricity, gas and vehicle fuel. It has not looked at "capital carbon" or the embodied energy used in the manufacture of the products purchased by the Council.
- Whilst it may be very difficult to assess how successful projects such as energy champions have been, every effort must be made to realise the projected revenue savings in order to finance future projects within the plan.

- The predicted savings should be challenging, but achievable. However, if projected targets are too ambitious, then additional projects and funding will be required to make up the shortfall. This may be at relatively short notice because the feedback on savings will lag behind the implementation of projects. To mitigate against this, it would be wise to aim to meet the target ahead of schedule.
- Energy use may drift upwards in places where there is no concerted effort to reduce its use. This is where a written energy policy will help to restrain excessive energy use in all areas of Council activities.
- If key staff leave the Council, then there will be lack of continuity in the programme and possible delays to projects.
- The funding from Salix has not been secured. If this and other grants are not obtained then the shortfall in funding to meet the projects will need to be found from within council budgets.

7.5 Benefits management

A Data Analyst will be employed and will report directly to the Carbon Manager. The Data Analyst will work closely with the Energy Manager to collate data on energy bills, apportion them to each directorate and provide as accurate information as possible on how each directorate is doing against their target. This data will be presented to CMT every quarter as part of the corporate dashboard. The data analyst will also compile quarterly reports to be circulated to all staff to show how each area is doing against its target.

Display Energy Certificates are required for all public buildings with a floor area of over 1,000 m² by October 2008. This is approximately 90 of CYC's building sites. This legislation will mean that gas and electric meters will be read annually in these buildings. The data analyst and Gary Christie will ensure that accurate readings are taken at least annually on all electric and gas meters.

7.6 Reporting and evaluation

The Board will meet quarterly to review progress against targets. This will be before the CMT meetings at which a carbon review is discussed on the corporate dashboard. The Strategy and Implementation Plan will be reviewed annually by the Board. At the annual SIP review meeting the programme of works and budget for following year will be agreed with the Carbon Manager.

The "Carbon Champion", Bill Woolley, will report to the All party leader group on progress against the targets in the SIP on a regular basis.

Appendix A

The baseline calculation was taken from the following information:

Council owned buildings

Gas and electricity used at each building has been taken from actual and estimated meter readings and from bills paid. These have been multiplied by standard factors provided by the Carbon Trust to convert the energy used into tonnes of CO₂. There are corporate gas and electricity contracts which set the tariff of price per kWh. Gas and electricity use at each building are monitored by the energy manager, although many of the figures used for the baseline are estimates because bills do not neatly fall on the anniversary of the previous reading and many bills are estimated rather than actual readings.

A corporate contract has been set up with a fuel oil supplier, which gives preferential prices to CYC customers, but each building is free to purchase oil from whoever they want. There are two Social Services Centres which use fuel oil for heating. This is not monitored centrally by the energy manager and the estimates for annual consumption come from bills paid in one financial year.

The new EcoDepot opened in December 2006. There will be substantial savings attributable to the move from the old depot at Foss Islands. However, very little of this will be shown in the baseline year.

Schools

Schools are included in the corporate gas and electricity contracts, but pay their gas and electricity bills directly, without going through the energy manager. They are free to use different suppliers if they so wish, although in reality only xx do so. Because each school is responsible for reading the meters and paying the bills from their own budget the data for electricity readings are very approximate. The detail has been provided by each school based on the annual budget and does not necessarily reflect the electricity used in an exact year. The corporate electricity supplier has not been able to provide a full list of what has been used at each building.

The corporate gas supplier has provided details of how much gas has been used at each site for a calendar year. However, even these are approximate because the meter readings are not all for an exact year and some are based on estimated readings.

10 primary schools use fuel oil to heat the buildings. The figures have come from data provided by the individual schools.

Social housing

The council owns just over 8,000 dwellings. Each of these has an estimated SAP rating, which is calculated based on the known insulation and heating system within the database of stock condition. The Codeman database used by the Housing Asset Management Team calculates an average quantity of CO₂ emissions for each dwelling from the knowledge of its size and SAP. When added together the total estimated

emissions for the whole housing stock is 34,545 tonnes pa. This is 59 % of the total in the CYC baseline.

The savings from any improvements to the SAP rating of the housing stock go to the tenants rather than to the Council as landlord. This means that there is no return on investment, which makes funding capital works more difficult. The Housing Asset Management Team has been concentrating on achieving the Decent Homes Programme over the last few years. Much of this work has involved improving the insulation of dwellings to reduce fuel poverty and upgrading of boilers to modern efficient models. The Decent Homes Programme comes to an end in 2010. At that point the housing capital programme will revert to replacing kitchens every 30 years, bathrooms every 40 years rewiring the electrical system every 30 years, replacing boilers every 15 years and the heating distribution system every 40 years.

A solar thermal system was installed on one of the council houses in February 2008. This is a trial system to gain experience in installation, to monitor energy savings and evaluate the practicality of using the technology more widely.

There is some capital funding which will be available for minor improvement works to the energy rating of the stock over the next two years. However, the number of dwellings owned by the council means that significant investment would be needed in order to achieve the savings of 25 % as set out in the target. It will take Housing much longer than the 5 year target for the rest of the Council's activities to achieve a 25 % cut in CO₂ emissions and a proposed target would be to reach the goal by 2020. This is in itself ambitious and is based on a profile of considerable investment into the stock to improve the SAP rating which is reducing the Housing stock's CO₂ emissions at a rate of 2 % per year.

A project will be set up within the Housing Asset Management Team in the spring of 2008 to investigate how to achieve this goal of 25 % reduction by 2020. This will look at improvements which can be made to the fabric of the dwellings, emerging technology and renewable energy generation. However, the level of continuing capital investment in the housing stock post 2010/11 cannot be confirmed at this time and will be the subject of a future financial assessment. This may affect the Council's ability to achieve a 25 % reduction by 2020.

The communal lighting in blocks of council flats is unmetered. The electricity used 12 years ago was estimated based on the number of lights and the hours of use at the time. Many lights have since been replaced with more energy efficient models but the bills use the power consumption from 1996. This is also the figure used for the baseline.

Street lighting

The baseline data for streetlights, floodlights, road traffic bollards, traffic signals and traffic lights is based on the metered electricity which was measured

Council fleet transport

The fleet transport baseline uses the total volume of vehicle fuel dispensed at the Neighbourhood Services pumps between 1 April 2006 and 31 March 2007, plus the



petrol and diesel bought at petrol stations using fuel cards. This quantity of fuel relates directly to a quantity of CO₂ and can be seen as an accurate reflection of emissions that the fleet is responsible for.

In work council mileage claims

The annual mileage claims for all 6 directorates were totalled and multiplied by a conversion factor provided by the Carbon Trust. This estimates the fuel used per km based on an average size of car engine and average driving conditions.

Council's organisational waste

This is estimated from the quantity of waste collected from all CYC buildings (schools, offices, leisure centres, social services centres etc.).

General Note

It has not been possible to obtain information on electricity and gas use for a number of buildings. This means that the baseline will be higher than shown. When a data analyst is employed to research the information available, data will be improved. Although the baseline may increase through the addition of other buildings, the potential to make savings on the baseline will increase in proportion.

Appendix B: Individual actions

(i) Projects already committed

Project 1: Admin Accom review and move to Hungate	
<i>Description and notes</i>	City of York Council's office accommodation is being rationalised. Many of the large, old inefficient buildings are being vacated and a new purpose built office will be provided on a site at Hungate.
<i>Quantified costs and benefits</i>	<p>The cost of the energy and environmental benefits of the new site are included in the total project cost.</p> <p>The existing buildings have an estimated total emissions level of approximately 1437 tonnes CO₂. (480 from gas and 957 from electricity)</p> <p>The proposed design is for a floor area of 12,500 m² with an emissions target of 26 kg CO₂ per m² per year = 325 tonnes CO₂ per year. Made up of 33 tonnes for a bio-fuel boiler and 292 tonnes electricity. On top of this is the consumption of electrical equipment eg computers etc estimated at 25 kg/m² pa = 312 tonnes CO₂ pa.</p> <p>Total estimated saving of 800 tonnes CO₂ per year (1437 – (325 + 312)).</p> <p>Financial savings £47,000 per year (based on saving £6,000 on heating and £41,000 on electricity)</p>
<i>Resources</i>	<p>Funding: Build cost £28 Million. Committed as part of the accommodation review project</p> <p>Management: project team in place</p>
<i>Ownership and accountability</i>	<p>responsible for delivery: Maria Wood/ Ian Asher/Roy Grant</p> <p>accountable for delivery or decision making and responsible for approval / sign-off Admin. Accom. Project Board;</p> <p>to be consulted in decision making: Executive, Admin. Accom. Project Board.</p> <p>individuals to be informed of actions, decisions or progress: Executive, Admin Accom Project Board, Admin Accom Project planning team, Carbon Manager</p>
<i>Ensuring success</i>	<p>Known key success factors: measure targets for energy consumption.</p> <p>Principal risks: Technical, financial, other:</p> <p>Insufficient funding for project – the budget for the renewable energy and insulation portions of the build are reduced</p> <p>Time pressure means lack of consultation.</p> <p>Main means of risk mitigation</p> <p>Full project team employed, adequately resourced.</p> <p>Budget and timescales set with accountability to Executive</p>
<i>Performance / success measure</i>	<p>Reduction in carbon emissions and energy bills from the existing buildings.</p> <p>New office block reaching acceptable standards of comfort in terms of temperature and fresh air.</p>
<i>Timing</i>	<p>Planning application April 08</p> <p>Start on site Nov 08</p> <p>Completion Sept 2010</p> <p>Occupation end 2010</p>
<i>Sources of information and guidance</i>	<p>Energy Consumption Guide 19 – Energy Use in Offices</p> <p>George Sands, Maria Wood, Martin Bissell (Gifford & Partners)</p>

Project 2 : Integrated Transport	
<i>Description and notes</i>	A corporate project designed to reduce the overall spend on contracted transport for HASS and LCCS clients. This will include improved vehicle utilisation for both the internal fleet, improved partnership working with other local authorities and community transport providers as well as ensuring contracted transport is provided using the most environmentally friendly vehicles and that the overall number of journeys across the city is reduced.
<i>Quantified costs and benefits</i>	<ul style="list-style-type: none"> • Financial investment, operational costs • Consultant fees - £588k for 30 months • Emissions reduction: • 20% reduction based on increased utilisation of current vehicle capacity • Financial savings: • The project will save c£1.2m (gross) over the life of the project (30 months) • Payback period: 30 months
<i>Resources</i>	Joint funding made available through Y&H Assembly. Funding made available from the start of the project and being managed by Steve Morton – Corporate Finance
<i>Ownership and accountability</i>	responsible for delivery or decision making; Strategic Steering group/ Operational Project Board. Bill Hodson/Steve Morton. accountable for delivery or decision making and responsible for approval / sign-off; Simon Wing to be consulted in decision making; SSG and OPB. Service Heads to be informed of actions, decisions or progress. Service users.
<i>Ensuring success</i>	<p>Known key success factors</p> <ul style="list-style-type: none"> • Reduction of the number of vehicles/taxis being used to transport HASS/LCCS clients • Improved working relationships with other transport providers (neighbouring local authorities, York Ambulance Service and other community/public transport providers). • Full integration of HASS/LCCS transport services and utilisation of TRAPEZE transport management systems. <p>Principal risks</p> <ul style="list-style-type: none"> • Lack of financial support to migrate HASS client data onto TRAPEZE will mean that true utilisation of vehicle capacity will not be achieved. • Lack of investment or collaboration by other partners – the establishment of a regional transport forum has mean that ideas and progress is being shared by all partners
<i>Performance / success measure</i>	Financial savings targets identified for the reduction of taxi expenditure 20% target for the reduction of miles travelled by transport providers (both from the internal fleet and external partners)
<i>Timing</i>	Project start date – April 2007 Project end date – October 2010 Decision on funding for the migration of HASS IT data on to TRAPEZE through the corporate IT development plan is expected in early 2008.
<i>Sources of information and guidance</i>	Steve Morton

Project 3: Move to new EcoDepot at Hazel Court	
Description and notes	Neighbourhood Services administration offices moved from the Foss Islands Depot to a new purpose built eco-office which includes construction from straw bales and lime plaster, electricity generation from photovoltaic cells and future provision for a wind turbine. The building was designed to be carbon neutral in its construction and received a BREEAM Very Good assessment.
Quantified costs and benefits	<ul style="list-style-type: none"> • The new depot was build by Keyland Gregory as part of a development deal with CYC • Predicted electricity generation from wind power 42,000 kWh pa saving 18 tonnes CO₂ • Predicted electricity generation from solar power 10,500 kWh pa saving 4.5 tonnes CO₂ • Aprox £12k saving on water usage
Resources	<ul style="list-style-type: none"> • Funding: Environmental measures PV's DTI 112K CYC 130K • Water harvesting and Eco Office environmental measures Yorkshire Forward £569K
Ownership and accountability	Original project decisions taken by CYC Officers together with Members. Only remaining work to complete installation of wind turbine
Ensuring success	The funding for the wind turbine is still to be secured.
Performance / success measure	Meter readings are being taken on site, however due to patchy utility billing the exact cost of the new depots energy use can not be measured at present. Neighbourhood Services together with the Sustainability Officer will provide measures during 2008 and give an up to date projected carbon savings forecast.
Timing	
Sources of information and guidance	Daniel Brookes, Kristina Peat

Project 4: York High & Oaklands Sports Centre					
<i>Description and notes</i>	Oaklands and Lowfields schools have merged to form the new York High School which will be accommodated on the Cornlands Road site once the existing school building has been extended and refurbished. Edmond Wilson swimming pool will close and a new pool will be provided by extending the existing Oaklands Sports Centre, which is also on the Cornland Road site.				
<i>Quantified costs and benefits</i>		Edmond Wilson	Lowfields	Oaklands	Total
	06/07 elec (MWh)	368	192	557	1,117
	06/07 gas (MWh)	1,376	1,121	1,146	3,643
	06/07 total (MWh)	1,744	1,314	1,703	4,751
	06/07 emissions total gas & elec (tonnes CO ₂)	412	290	451	1,153
	06/07 energy cost (£,000)	14	21	39	74
	<p>A biomass boiler and an array of solar thermal panels will provide heating and hot water for the site, resulting in zero carbon for heating and hot water.</p> <p>Predicted electricity usage of new York High School and Oaklands Sports Centre: 580 MWh producing emissions of 249 tonnes CO₂</p> <p>Emissions reduction: 904 tonnes CO₂</p> <p>Financial savings: £450k pa on the schools and £130k pa on the sports centres. This is total revenue savings, not just the savings resulting from improved energy efficiency.</p>				
<i>Resources</i>	The total project budget is £20m which is being funded by:-				
	LCCS	9,616,440			
	CYC Other	840,000			
	School Capital	445,000			
	Prudential Borrowing	2,829,000			
	Capital Receipts	6,455,000			
<i>Ownership and accountability</i>	A Project Board has been established to be responsible, accountable, consulted and informed on all project decisions. It is made up of the following core members:-				
	Maggie Tansley	Project Exec, CYC, LCCS			
	Ian Savage	Senior User School, Governor & F&P Comm. Chair			
	David Ellis	Senior User School, Head Teacher			
	Andy Laslett	Senior User Sports Centre, CYC, LCCS			
	Ian Asher	Senior Supplier, CYC, SBD			
	Alan Thomas	Senior Supplier, CYC, SBD			

	Steve Taylor	Senior Supplier, Clugstons
	Chris Underwood	Senior Supplier, WYG Project Manager
	Michael Brown	Senior Supplier, WYG Project Manager
	Colin MacDonald	Project Assurance, CYC, LCCS
	Samantha Judd	Client Project Manager CYC, LCCS
	Carole McMullan	Project Support CYC, LCCS
<i>Ensuring success</i>	<p><i>Known key success factors</i> Reduced energy consumption / carbon emissions</p> <p><i>Principal risks and risk mitigation:</i> all project risks have been quantified on a risk register, which is regularly reviewed and managed. The value of the registers forms part of the target cost to ensure that funding is in place should any of these risks occur.</p>	
<i>Performance / success measure</i>	<ul style="list-style-type: none"> • Both buildings on site will get their energy from biomass or solar energy generation • All equipment purchased will be Grade A energy use • Energy usage can be measured and compared to baseline for all previous premises and facilities • Where possible existing furniture will be used or recycled via and external company • A whole site recycling policy will be in force to reduce landfill waste • A whole site travel plan will be developed to actively promote green travel to the site • Achieving a 'v. good' BREEAM rating 	
<i>Timing</i>	<p>School Programme</p> <p>Jan 08 - Target cost agreed Nov 08 - Construction completion Jan 09 - School Occupation</p> <p>Pool Programme</p> <p>May 08 - Target cost agreed Jun 09 - Construction complete Jul 09 – Facilities operational</p>	
<i>Sources of information and guidance</i>	George Sands / Gary Christie / BSP / Saunders / DfES Buildings Bulletins	

Project 5: Yearsley Pool refurbishment	
<i>Description and notes</i>	Yearsley Swimming Pool has been refurbished. This was completed in November 2007. The refurbishment included recladding the roof and walls with insulated steel faced sheeting.
<i>Quantified costs and benefits</i>	The building is heated by steam from the Nestlé factory and the work will save approximately: 230 tonnes CO ₂ and £26k pa. The old building used 1,446 kWh of steam per m ² , and 125 kWh electricity per m ² . Predictions for post refurbishment are 697 kWh/m ² steam with electricity unchanged at 125 kWh/m ² .
<i>Resources</i>	Project complete
<i>Ownership and accountability</i>	Project complete
<i>Ensuring success</i>	
<i>Performance / success measure</i>	The energy use of the building will be monitored over the first year to verify the predicted savings.
<i>Timing</i>	Project complete
<i>Sources of information and guidance</i>	Yearsley Pool carbon statement George Sands, Andy Laslett, Steve Owen

Project 6: Joseph Rowntree School	
<i>Description and notes</i>	Replacement of Joseph Rowntree School A new school will be built in the grounds of Joseph Rowntree School. When building work on the new school is complete, the old school will be demolished and the grounds landscaped.
<i>Quantified costs and benefits</i>	The aim is to achieve a 60 % saving of Carbon emissions on 2002 building regulations requirements, when the new school opens in February 2010. A long term aspiration is that the new school will be carbon neutral in the future. In the baseline year of 2006/07 this building was responsible for the emission of 420 tonnes CO ₂ . Savings will be in excess of 250 tCO ₂ . Savings will be made through generating heat and hot water from a bio-mass boiler, grey water harvesting, a green roof, thermal mass of the building design, building orientation and smart ICT solutions. The building is on target to achieve a BREEAM rating of at least 'very good' with an expectation that it will achieve 'excellent'.
<i>Resources</i>	The project has secure funding through the LCCS capital programme.
<i>Ownership and accountability</i>	responsible for delivery or decision making: Project Board; Anna Evans. accountable for delivery or decision making and responsible for approval / sign-off: Project Board. to be consulted in decision making; school governors, school senior management team, students, parents, staff, building users, external partners eg Sport England, conservation, Joseph Rowntree Housing Trust, local residents, LCCS Senior management team, technical panel. to be informed of actions, decisions or progress: report to members quarterly. School governors, school senior management team, students, parents, staff, users of building, external partners eg Sport England, conservation, Joseph Rowntree Housing Trust, local residents, LCCS Senior management team, technical panel.
<i>Ensuring success</i>	Known key success factors: The DCFS calculator will be used to confirm the carbon reduction achieved. Principal risks: Delays at planning stage, confirmation of ownership of a pump house on site, failures in project management, maintaining educational standards at school for duration of project, retaining pupil numbers at school during the project. Main means of risk mitigation: Good project management; ongoing consultation with all involved; collaborative working; ownership and monitoring of risk register.
<i>Performance / success measure</i>	Use of the DCFS carbon calculator and comparison of electricity and fuel use before and after project completion.
<i>Timing</i>	Milestones, key dates, particularly key decisions Planning application: March 2008 Start on site: July 2008 Open new school: Feb 2010 Demolition of old school building March 2010 to Sept 2010
<i>Sources of information and guidance</i>	Anna Evans, Burro Happold engineers, DCSF, CYC Property Services

Project 7: Office recycling project for council buildings	
<i>Description and notes</i>	<ul style="list-style-type: none"> • Council buildings already have a collection of paper for recycling (under an existing contract) and many also have confidential waste paper collections • The intention is to introduce a recycling collection for council buildings for cardboard, plastic bottles and cans/tins.
<i>Quantified costs and benefits</i>	<ul style="list-style-type: none"> • Offices will see a reduction in collections of waste to landfill. This cost will increase each financial year in line with the increase in landfill tax charges per tonne of waste landfilled • It is estimated that 841 tonnes of waste could be diverted from landfill through increased recycling of paper, cardboard, plastic bottles and cans. This is a very approximate calculation based on percentage waste composition for office type waste. A full audit of CYC office waste has not been done. • Emissions reduction – 150 tonnes CO₂ • Cost neutral
<i>Resources</i>	<ul style="list-style-type: none"> • Funding - Waste Services has purchased a three compartment recycling vehicle but will need to cover costs for the crew, container hire and reprocessor (gate) fee • Operational costs have not yet been determined but will aim to be more favourable for recycling (for 2008/9) versus landfill of waste • A report was presented to Members on 9 October 2007 proposing changes to the Commercial Waste collections, to allow provision of recycling collections to schools and commercial organisations (including council offices). Members supported this proposal and work is now underway to plan the implementation of recycling collections. • Collection costs to be met from existing office budgets • Management – building managers will need to be responsible for maximising recycling within their own building
<i>Ownership and accountability</i>	<ul style="list-style-type: none"> • Acting Head of Waste Services Peter Davison is responsible and accountable for delivering this project • Consultation with office/building managers is underway, by Waste Services, to look at the options for each of the main council administrative offices (storage capacity, container requirements, number of employees etc) • All employees within these buildings are to be informed of any new services. Employees need to be responsible for separating their own waste into the appropriate container.
<i>Ensuring success</i>	<ul style="list-style-type: none"> • Key success factor - many employees will recycle at home and so already demonstrate commitment to recycling. There is a high demand for this service from council staff. • The council needs to manage its own waste more sustainably • Risk – this is a new service which the council has not undertaken before. We need to create a new collection round to incorporate collections from council offices and schools. All buildings will have different amounts of recyclable waste and it will take time to establish the most efficient servicing schedule. Other risk factors are linked to accessibility of offices (e.g. city centre) and storage for additional bins within bin stores • Risk will be mitigated by starting with collections from a small number of large office admin buildings (for example 9 St Leonards',

	De Grey House, Guildhall and Mill House) and reviewing the service at regular interval for a set period. The service can then be extended to other council offices and buildings, as required.
<i>Performance / success measure</i>	<ul style="list-style-type: none"> • We cannot weigh individual wheeled bins, but can make an assumption of the amount of recyclable waste which can be stored in each container, per building, and thus the amount recycled per building • We will know the overall weight of recyclable waste collected per day per vehicle load, and this can be used to provide details of the amount of recyclable waste collected from the council offices (and thus diverted from landfill) • This information can be fed back to offices and staff at regular intervals
<i>Timing</i>	<ul style="list-style-type: none"> • Some preparation needs to be done before collections can start. This includes analysis of current waste collection arrangements and recycling requirements, bin storage capacity etc. • The collections will start as soon as a schedule has been compiled – date TBC within 2007/08
<i>Sources of information and guidance</i>	Elizabeth Wray

(ii) No or low cost projects

Project 8: Recycling project for schools	
<i>Description and notes</i>	<ul style="list-style-type: none"> The intention is to introduce a recycling collection for schools for cardboard, plastic bottles and cans/tins.
<i>Quantified costs and benefits</i>	<ul style="list-style-type: none"> There will be a reduction in collections of waste to landfill. This cost will increase each financial year in line with the increase in landfill tax charges per tonne of waste landfilled It is estimated that 250 of the 1116 tonnes of waste could be diverted from landfill through increased recycling of paper, cardboard, plastic bottles and cans. This is a very approximate calculation based on percentage waste composition for school type waste. A full audit of CYC school waste has not been done. Emissions reduction – 111 tonnes CO₂ Cost neutral
<i>Resources</i>	<ul style="list-style-type: none"> Funding - Waste Services has purchased a three compartment recycling vehicle but will need to cover costs for the crew, container hire and reprocessor (gate) fee Operational costs have not yet been determined but will aim to be more favourable for recycling (for 2008/9) versus landfill of waste A report was presented to Members on 9 October 2007 proposing changes to the Commercial Waste collections, to allow provision of recycling collections to schools and commercial organisations. Members supported this proposal and work is now underway to plan the implementation of recycling collections. Collection costs to be met from existing school budgets Management – schools will need to be responsible for maximising recycling within their own building
<i>Ownership and accountability</i>	<ul style="list-style-type: none"> Acting Head of Waste Services Peter Davison is responsible and accountable for delivering this project Consultation with schools is underway, by Waste Services, to look at the options for each of the schools (storage capacity, container requirements, number of employees etc) All employees within these buildings are to be informed of any new services. Employees need to be responsible for separating their own waste into the appropriate container.
<i>Ensuring success</i>	<ul style="list-style-type: none"> Key success factor - many employees will recycle at home and so already demonstrate commitment to recycling. There is a high demand for this service from council staff. The council needs to manage its own waste more sustainably Risk – this is a new service which the council has not undertaken before. We need to create a new collection round to incorporate collections from council offices and schools. All buildings will have different amounts of recyclable waste and it will take time to establish the most efficient servicing schedule. Other risk factors are linked to accessibility and storage for additional bins within bin stores.
<i>Performance / success measure</i>	<ul style="list-style-type: none"> We cannot weigh individual wheeled bins, but can make an assumption of the amount of recyclable waste which can be stored in each container, per building, and thus the amount recycled per building We will know the overall weight of recyclable waste collected per

	<p>day per vehicle load, and this can be used to provide details of the amount of recyclable waste collected from the schools (and thus diverted from landfill)</p> <ul style="list-style-type: none"> • This information can be fed back to schools at regular intervals
<i>Timing</i>	<ul style="list-style-type: none"> • Some preparation needs to be done before collections can start. This includes analysis of current waste collection arrangements and recycling requirements, bin storage capacity etc. • The collections will start as soon as a schedule has been compiled – date TBC within 2007/08
<i>Sources of information and guidance</i>	Elizabeth Wray

Project 9: Staff behaviour change/set up “Energy Champions” network, monitor using smart meters

<i>Description and notes</i>	<p>Building audits will be carried out for larger buildings as part of the requirement for display energy certificates (project 6). This will help to identify the best sites for smart/additional sub-metering of gas, electricity and/or heat. Set up a programme for meter installation in separately managed buildings or monitor energy use of kitchens, server rooms, sports halls, etc.</p> <p>The installation of new meters will help in monitoring and inform staff on site of how well their improvement measures are working.</p> <ul style="list-style-type: none"> • Bespoke training & building audits in carbon reduction • League tables & target setting for energy reduction in council buildings • Traffic light switches - label all switches so people know what they are and if they can be switched off. Energy use displays in new office so clear what is being left on <p>Establish a programme of training for key staff to include:</p> <ul style="list-style-type: none"> • School Caretakers: Focusing on correct setting of heating controls, timeclock, etc, along with general awareness training on "good housekeeping" practices. • Building Managers and caretakers: General awareness training, correct setting of controls, making use of monitoring information. • Building users – including school staff and pupils: general awareness and good housekeeping • Procurement staff: Awareness of long term energy costs when purchasing all types of equipment. Use of lifetime costing methodology. • Architects & design staff: training in low energy building design and integration of renewable energy technologies into building design. <p>A programme of disseminating clear advice to building users in all the different sectors of the council's activities via a network of “energy champions”. This should include:</p> <ul style="list-style-type: none"> • Training for “energy champions” • Switching off computers when not in use and enabling energy management software • Using energysave options on photocopiers and other office equipment • Switching off lights in empty rooms or when daylight provides sufficient light
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	<ul style="list-style-type: none"> • Correct use of thermostats for heating and air conditioning • Closing windows and external doors in winter • Purchasing energy efficient goods including lamps, computer monitors, catering equipment, refrigeration equipment, laundry equipment and general office electrical equipment.
<i>Quantified costs and benefits</i>	<p>ESTIMATED COST: £100,000 £80,000 for installation of new meters; £20,000, for publicity, training, minor purchases of stickers, leaflets etc. This project will take up a significant amount of time for the energy manager and the carbon manager.</p> <p>Successful good housekeeping measures by all building users: average of 5 % of total energy costs (£65,000) Annual savings (5 % of current totals): building electricity = £41,000 = 820 MWh = 350 tonnes CO₂ building gas = £22,000 = 2,250 MWh = 431 tonnes CO₂ building fuel oil = £2,000 = 140 MWh = 39 tonnes CO₂ Payback period 1.5 years</p>
<i>Resources</i>	Funding from the carbon capital programme (subject to approval)
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Carbon Manager/Gary Christie</p> <p>accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board to approve project. to be consulted in decision making: Carbon Manager, Gary Christie, Annette Clark</p> <p>to be informed of actions, decisions or progress: Gary Christie, carbon manager, Carbon Board, all staff to be informed of progress.</p>
<i>Ensuring success</i>	<p>Motivation tends to fall if programme is not kept active. Energy champions need to be given sufficient facilities time to undertake the tasks given to them. It needs to be a recognised task which will be given the priority among other tasks. Energy Performance Certificates will help with publicity.</p>
<i>Performance / success measure</i>	Adequate monitoring to ensure savings and carbon reductions are being achieved. Publicity will keep project high in peoples list of priorities.
<i>Timing</i>	Funding to be sought from the carbon capital fund – will need to go to the Carbon Board as a proposal to be considered with others. If successful it can begin in the summer of 2008, with a second drive in the autumn of 2008 as heating is turned on and days are shorter.
<i>Sources of information and guidance</i>	

Project 10: Turn heating down	
<i>Description and notes</i>	The maximum recommended level for heating is 19°C. Many of the council's buildings are heated above 19°C.
<i>Quantified costs and benefits</i>	Estimated Cost £4,000 Cost Saving up to £1,000 per year (typical site) CO ₂ Savings 6 tonnes/year per site An estimate of 20 sites gives a total saving of £20,000 and 120 tonnes CO ₂ Payback instant Approx 8% saved for each degree of overheating
<i>Resources</i>	Small sum of £4,000 included for minor alterations to control circuits etc which may be required to enable the heating to be turned down. This project may take a significant amount of time for Gary Christie or the carbon manager.
<i>Ownership and accountability</i>	responsible for delivery or decision making; Carbon Manager/Gary Christie accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board to approve project. to be consulted in decision making: Carbon Manager, Gary Christie, representative from each building included in the programme. to be informed of actions, decisions or progress: Gary Christie, carbon manager, Carbon Board.
<i>Ensuring success</i>	Enforcing a policy of heating to 19°C is likely to require considerable time in setting up control systems and dealing with staff complaints. However, well controlled heating systems will make the process easier. Where existing resources allow (also through energy champions) CYC will endeavour to enforce a policy of heating our buildings to 19°C. Adequate resources in place to implement project Financial resources available to implement project
<i>Performance / success measure</i>	Adequate monitoring to ensure savings and carbon reductions are being achieved. Regular checks on the temperatures in various locations and recording of the energy use at each site – to be monitored by the data analyst.
<i>Timing</i>	Funding to be sought from the carbon capital fund – will need to go to the Carbon Board as a proposal to be considered with others. If successful it can begin in the autumn of 2008 as the heating is turned on.
<i>Sources of information and guidance</i>	Gary Christie

(iii) Longer term investment projects and projects not yet committed

Project 11: Extend EMS/BMS at schools	
<i>Description and notes</i>	<p>Replace obsolete energy management systems installed in the 1980's. The advantages of doing a planned replacement could be summarised as:</p> <ul style="list-style-type: none"> • New controls would offer at least 10-15% energy savings and therefore CO₂ emissions. • Financial savings on fuel budgets. • A new control system would mean no disruption to the schools when an old control fails. New panels would also be compatible for expansion to include any reboiling or boiler house modifications in the future. • With a new system any malfunctions repairs can be quickly and easily repaired- with expertise and spares readily available. <p>Improved facilities on site- the school caretaker or bursar would be able to make minor adjustments themselves to time and temperature levels. At present they have no access to change settings.</p>
<i>Quantified costs and benefits</i>	<p>Estimated Cost: £200,000 Cost Saving: £32,250 per year CO₂ Savings: 204 tonnes per year Payback 7: Years</p>
<i>Resources</i>	<p>Sources for funding to be investigated, but possible sources include the carbon capital programme, Central Government Grants, Specific Grants external to the authority (e.g. Yorkshire Forward), Specific Loans external to the authority (e.g. Salix), Prudential borrowing, CRAM process, The building user (e.g. tenants or schools).</p>
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Carbon Manager/Gary Christie accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board to be consulted in decision making; Maggie Tansley, School head teachers to be informed of actions, decisions or progress; Maggie Tansley, school head teachers</p>
<i>Ensuring success</i>	<p>Project needs to be investigated further to see which schools would get the best results. Adequate resources in place to implement project Financial resources available to implement project Agreement with LCCS and individual schools</p>
<i>Performance / success measure</i>	<p>Adequate monitoring to ensure savings and carbon reductions are being achieved.</p>
<i>Timing</i>	<p>Spring/summer 2008 investigate further which schools and determine exact costs. Put proposals to Carbon Board for consideration within the carbon capital programme summer 2008.</p>
<i>Sources of information and guidance</i>	<p>Gary Christie</p>

Project 12: Improve insulation (including roof spaces)	
<i>Description and notes</i>	<p>Cavity wall insulation, draught-proofing and roof-void insulation are three of the most cost-effective methods for reducing heat-losses in buildings.</p> <p>Many of the school buildings built in the '60's and 70's have large expanses of glazing, which will be a major source of heat-loss.</p> <p>Set up a rolling programme for reducing heat-losses in older buildings, to incorporate the following measures:</p> <ul style="list-style-type: none"> • Install blown fibre insulation in external cavity walls. • Draught-proof external doors • Upgrade roof insulation in buildings where accessible roof voids are present. Where this is not practical, but suspended ceilings have been fitted, Insulate above ceiling tiles using sealed insulation bags. • Replacement of single glazed windows with new high performance double glazed units. • Replacement of single glazed roof-lights with triple sheet polycarbonate units (openable in rooms prone to over-heating).
<i>Quantified costs and benefits</i>	<p>Estimated Cost £200,000</p> <p>Cost Saving £22,450 per year</p> <p>CO₂ Savings 251 tonnes CO₂ per year</p> <p>Payback 9 Years</p>
<i>Resources</i>	<p>Sources for funding to be investigated, but possible sources include the carbon capital programme, Central Government Grants, Specific Grants external to the authority (e.g. Yorkshire Forward), Specific Loans external to the authority (e.g. Salix), Prudential borrowing, CRAM process, The building user (e.g. tenants or schools).</p>
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Carbon Manager/Gary Christie</p> <p>accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board</p> <p>to be consulted in decision making; Maggie Tansley, School head teachers</p> <p>to be informed of actions, decisions or progress; Maggie Tansley, school head teachers</p>
<i>Ensuring success</i>	<p>Project needs to be investigated further to see which schools would get the best results.</p> <p>Adequate resources in place to implement project</p> <p>Financial resources available to implement project</p> <p>Agreement with LCCS and individual schools</p>
<i>Performance / success measure</i>	<p>Adequate monitoring to ensure savings and carbon reductions are being achieved.</p>
<i>Timing</i>	<p>Spring/summer 2008 investigate further which schools and determine exact costs. Put proposals to Carbon Board for consideration within the carbon capital programme summer 2008.</p>
<i>Sources of information and guidance</i>	<p>Gary Christie</p>

Project 13: powerPerfactor Voltage Power Optimisation	
	<p>PowerPerfactor is a Voltage Power Optimiser, giving energy, cost and carbon savings by efficiently optimising a site's supply voltage. By optimising the voltage, electrical equipment runs more efficiently and consumes less energy. There are a number of added benefits with the powerPerfactor which also help to improve power quality.</p> <p>The PowerPerfactor's main functions are:</p> <ul style="list-style-type: none"> • Reduction of energy use and costs by up to 20% by optimising the electricity supply voltage (depending on the electrical load make up of the facility) • Reduction of carbon emissions by up to 20%. • Protection of electrical and electronic equipment from voltage transients and short-term power surges up to 25,000V. • Lowering of maintenance costs on motors, lighting and other electrical equipment. • Suppression of harmonics that can damage sensitive equipment. • Reduction in operating temperatures of motors and lighting. • Extension of the life of electrical components through reduced electrical stresses. • Correction of 3-phase voltage imbalance, reducing wasteful neutral currents. <p>The project with City of York Council includes the installation of 21 powerPerfactor units at 21 sites. The quantified costs and benefits are for the project as a whole. The costs and savings shown are a good estimate to be confirmed following voltage logging and site survey.</p>
<i>Quantified costs and benefits</i>	Financial Investment: £260,000 Operational Costs: £0 Emissions Reduction: 430 tonnes of CO ₂ per year Financial Savings: £74,000 per year Payback Period: 3.4 years
<i>Resources</i>	Sources for funding to be investigated, but possible sources include the carbon capital programme, Central Government Grants, Specific Grants external to the authority (e.g. Yorkshire Forward), Specific Loans external to the authority (e.g. Salix), Prudential borrowing, CRAM process, The building user (e.g. tenants or schools).
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Gary Christie accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board to be consulted in decision making; Contact available at each site with access to switch room to perform voltage logging and facilitate site survey. Capital programme manager from relevant Directorate: Maggie Tansley, Mark Grandfield. to be informed of actions, decisions or progress; Capital programme manager from relevant Directorate: Maggie Tansley, Mark Grandfield.</p>
<i>Ensuring success</i>	<p>Project needs to be investigated further to see which buildings would get the best results.</p> <p>Adequate resources in place to implement project Financial resources available to implement project Agreement with LCCS, HASS and individual buildings</p> <p>Key Success Factors</p> <ul style="list-style-type: none"> • Appropriate voltages on sites. • Sufficient space for installation

	<ul style="list-style-type: none"> • Ease of installation • Ability to organise electrical supply shutdown for 2-8 hours <p>Risk and risk mitigation:</p> <ul style="list-style-type: none"> • 10 year warranty • £10 million public liability insurance • 30+ year life expectancy • Solid technology requires no maintenance • 24/7 response team at powerPerfactor
<i>Performance / success measure</i>	<p>Adequate monitoring to ensure savings and carbon reductions are being achieved</p> <p>Free savings report within 3 months of installation. Analysis is based on Half Hourly Data sourced from the npower website.</p>
<i>Timing</i>	<p>Each site requires 1 week's worth of voltage logging and less than 3 weeks to complete the site survey.</p> <p>Key decisions: Spring/summer 2008 investigate further which buildings and determine exact costs. Put proposals to Carbon Board for consideration within the carbon capital programme summer 2008.</p>
<i>Sources of information and guidance</i>	Gary Christie

(iv) Projects requiring further investigation

Project 14: Renewable energy in traffic bollards	
<i>Description and notes</i>	Disconnect all bollards, signs etc from mains electricity supply and power them using renewable energy eg solar panels.
<i>Quantified costs and benefits</i>	Existing bollards use 150 W and are powered 24 hours a day, 365 days a year = 1,314 kWh = £66 = 600 kg CO ₂ per year per bollard Cost per standard bollard = £250, Cost for a renewable energy bollard = £350. However, installation and maintenance costs of the renewable energy bollard are lower and will bring the installed cost down to that of the standard bollard.
<i>Resources</i>	A trial of 25 renewable energy bollards has been commissioned. These are predicted to save £1,700, 33 MWh and 14 tonnes CO ₂ per year. If the trial proves successful 100 bollards could be replaced each year as part of the maintenance cycle saving £6,800, 132 MWh and 56 tonnes CO ₂ per year.
<i>Ownership and accountability</i>	responsible for delivery or decision making: Ricky Watson accountable for delivery or decision making and responsible for approval / sign-off: Ricky Watson to be consulted in decision making: None to be informed of actions, decisions or progress: None
<i>Ensuring success</i>	There is a risk of using a new technology. This will be mitigated by running the trial of 25 bollards in the first year.
<i>Performance / success measure</i>	Measured reduction in energy usage by bollards.
<i>Timing</i>	Trial new bollards are being installed Report on the success of the trial bollards will be ongoing. Decision on whether to continue the programme in May 2008.
<i>Sources of information and guidance</i>	Ricky Watson

Project 15: Efficiency of streetlights	
<i>Description and notes</i>	Solar powered equipment and efficiency of streetlights
<i>Quantified costs and benefits</i>	£100 per light for replacement, more efficient lamp. Annual savings per lamp: 114 kWh; £6; 50 kg CO ₂ Payback period 20 years
<i>Resources</i>	A trial is being carried out on a few lamps. If this proves successful it could be increased to cover all lamps which are replaced every year. The maintenance programme currently replaces 500 lamps per year. Replacing these would cost £50,000 per year. Potential annual savings on 500 lamps: 570MWh; £2,855; 24 tonnes CO ₂
<i>Ownership and accountability</i>	responsible for delivery or decision making: Ricky Watson accountable for delivery or decision making and responsible for approval / sign-off: Ricky Watson to be consulted in decision making: On dimming etc. Local Residents and Members fully. to be informed of actions, decisions or progress: Ricky Watson
<i>Ensuring success</i>	There is a risk when using a new technology. This will be mitigated by running the trial in the first year.
<i>Performance / success measure</i>	Measured by reduced electricity used by streetlights.
<i>Timing</i>	Trial on different lamps levels start March 2008 end Date May 2008 Report on the success of the trial lamps May 2008 Decision on whether to continue the programme May 2008
<i>Sources of information and guidance</i>	Sustainable streetlighting strategy Ricky Watson

Project 16: Satellite Tracking on Fleet Vehicles	
<i>Description and notes</i>	To evaluate the cost benefit of fitting satellite tracking on fleet vehicles. A programme has started on waste vehicles and gritting vehicles. 46 vehicles have so far been fitted with the tracking equipment.
<i>Quantified costs and benefits</i>	<p>There will be a unit cost per vehicle and base station software costs. There may also be ongoing licence/upgrade costs and transmission costs.</p> <p>Costs for current system are: £46,820 for equipment and £33,120 for servicing over 5 years = £16,000 per year.</p> <p>Benefits should be saving of fuel through more efficient journeys using better route planning and less risk of unauthorised journeys. Other benefits will come from data transfer regarding other operations on certain vehicle types such as bin lifted, gulleys emptied or roads gritted. This is a 5 year contract and as the system was only purchased in December 2007 no results are available yet.</p> <p>Estimates from the Carbon Trust suggest that savings of 5% can be made by more economic routing of routes. However, the vehicle tracking is installed on refuse gritters and street cleaning vehicles which use a large proportion of their fuel on non-driving activities such as lifting bins into the back of the vehicle, so an estimate of the savings are only 1% of fuel. If the 46 vehicles with the tracking system use 50% of the Neighbourhood Services diesel, then a saving of $0.01 \times 0.5 \times 2006$ tonnes = 10 tonnes CO₂ saved. Greater savings may be possible from other vehicles on maintenance works.</p>
<i>Resources</i>	
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Chris Slade & Vehicle user dept.</p> <p>accountable for delivery or decision making and responsible for approval / sign-off; Chris Slade & Vehicle user dept.</p> <p>to be consulted in decision making; Chris Slade & Vehicle user dept.</p> <p>to be informed of actions, decisions or progress; Members.</p>
<i>Ensuring success</i>	Consultation with drivers.
<i>Performance / success measure</i>	Measure of fuel used by converted vehicles against previous or control vehicles.
<i>Timing</i>	5 year contract from December 2007. Possibilities for extension to more vehicles (subject to EU thresholds) if the current programme proves successful.
<i>Sources of information and guidance</i>	Carbon Trust, FTA, DfT, Chosen Supplier.

Project 17 : Display Energy Certificates	
<i>Description and notes</i>	The EU Directive on The Energy Performance of Buildings requires public buildings with a floor area of over 1,000 m ² to have a display energy certificate. The UK government will impose fines if these are not in place by October 2008.
<i>Quantified costs and benefits</i>	Cost: £80,000 for 92 sites Emissions reduction: Minimal. The surveys will identify areas where further investment is needed. Financial savings: : Minimal. The surveys will identify areas where further investment is needed.
<i>Resources</i>	£80,000 plus 1 week of Energy Manager's time
<i>Ownership and accountability</i>	responsible for delivery or decision making; Gary Christie accountable for delivery or decision making and responsible for approval / sign-off; Gary Christie, Linda Brook, David Baren, Andy Laslett, Tom Shepherd, to be consulted in decision making: Gary Christie, Linda Brook, David Baren, Andy Laslett, Tom Shepherd, to be informed of actions, decisions or progress: Gary Christie, Linda Brook, David Baren, Andy Laslett, Tom Shepherd, Main contact at each building.
<i>Ensuring success</i>	Known key success factors: Increased awareness of energy efficiency Risks: not completed on time due to other priorities. Prosecution for failure to display certificates Risk mitigation: set an agreed programme of work
<i>Performance / success measure</i>	Very difficult to gauge.
<i>Timing</i>	key dates: To be complete by October 2008, as required by the Energy Performance of Buildings Directive.
<i>Sources of information and guidance</i>	DEFRA website http://www.defra.gov.uk/

Project 18: Future energy supply policy (including full sustainability appraisal of energy sources) Major shift in how we use, procure and generate energy	
<i>Description and notes</i>	<p>A written energy policy will confirm priorities for action, clarify management and departmental responsibilities for energy management, and set targets for future achievements.</p> <p>The energy policy should also include clear criteria for purchasing equipment and electrical goods, and energy performance standards for new and refurbished buildings.</p> <p>The energy policy would also need to incorporate the council's obligations towards renewable energy targets and home energy conservation, and could form part of an overall environmental policy. It should include the following key attributes:</p> <ul style="list-style-type: none"> • Implementation (how the objectives will be met) • Applicability to different parts of the organisation • Acquisition of commitment • Allocation of responsibilities • An on-going review process
<i>Quantified costs and benefits</i>	<p>This project is part of a package of measures which includes staff training and general efficiency savings. The Carbon Trust Website states that a corporate policy can save 10 – 20 % of energy bills. These savings are recorded in other project sheets and will be easier to achieve if this policy is completed.</p>
<i>Resources</i>	<p>This project will take up a significant amount of the energy manager and carbon manager's time.</p>
<i>Ownership and accountability</i>	<p>responsible for delivery or decision making; Gary Christie, Carbon Manager</p> <p>accountable for delivery or decision making and responsible for approval / sign-off; Carbon Board</p> <p>to be consulted in decision making: Carbon Board, Procurement</p> <p>to be informed of actions, decisions or progress: Carbon Board, Procurement, CMT</p>
<i>Ensuring success</i>	<p>Policy needs to provide clear unambiguous goals without creating a straightjacket for those who are charged with implementation</p>
<i>Performance / success measure</i>	
<i>Timing</i>	
<i>Sources of information and guidance</i>	<p>Gary Christie, Carbon Trust Website</p>

Project H2a : Decent Homes: Heating Only Programme	
<i>Description and notes</i>	<p>To bring all council owned homes up to decent homes standard by 2010. This includes a number of energy efficiency measures to give the homes affordable warmth.</p> <p>Heating (heating only programme) - 2,700 properties old boilers replaced with new A rated ones</p>
<i>Quantified costs and benefits</i>	<p>Heating Only Programme £6.24m</p> <p>Operational costs: staffing costs of Tenants Choice and Project teams: £1.05m</p> <p>Typically an upgrade to an 'A' rated energy efficient boiler results in a CO₂ emissions saving of 875kg/year (Source: Energy Saving Trust). This is around a 10% saving on a typical property with an old heating system</p> <p>2,700 properties represent 33.75% of CYC's Housing stock, so the overall saving amounts to 3.38% of CO₂ emitted by our social housing stock.</p> <p>Financial savings will be reflected in the tenants' own gas and electricity bills, so there is no direct financial saving for CYC</p> <p>Payback period n/a</p>
<i>Resources</i>	<p>Funding will be provided from the Housing Capital Programme via a CRAM bid. This has already been submitted.</p> <p>The project will be managed by the Housing Asset Management Projects team</p>
<i>Ownership and accountability</i>	<p>Responsible for delivery: Mark Grandfield, Andy Wilcock to be consulted in decision making: Mark Grandfield, Andy Wilcock to be informed of actions, decisions or progress Steve Waddington, Debbie Mitchell</p>
<i>Ensuring success</i>	<p>The aim of this project is to meet the Government target of all homes complying with the decent homes standard by 2010.</p> <p>Risks:</p> <ul style="list-style-type: none"> Cannot gain access to some of the homes Funding is needed for another priority Project not completed on time <p>Risk mitigation:</p> <ul style="list-style-type: none"> Good project management and ongoing communication with all involved. Good budget management
<i>Performance / success measure</i>	<p>The SAP ratings for the homes will increase, showing lowered CO₂ emissions levels for the average house.</p>
<i>Timing</i>	<p>Ongoing programme:</p>
<i>Sources of information and guidance</i>	<p>Emissions data from Codeman stock condition database, which calculates SAP rating and emissions statistics of CYC properties.</p> <p>Typical savings sourced from Energy Saving Trust website</p>

Project H2b : Decent Homes: Tenant's Choice Heating Programme	
<i>Description and notes</i>	To bring all council owned homes up to decent homes standard by 2010. This includes a number of energy efficiency measures to give the homes affordable warmth. Heating (Tenants Choice) - 644 properties old boilers replaced with new A rated
<i>Quantified costs and benefits</i>	Tenant's Choice Heating £1.49m Operational costs: staffing costs of Tenants Choice and Project teams: £1.05m Typically, an upgrade to an 'A' rated energy efficient boiler results in a CO ₂ emissions saving of 875kg/year (Source: Energy Saving Trust). This is around a 10% saving on a typical property with an old heating system. 644 properties represent 8.05% of CYC's Housing stock, so the overall saving amounts to 0.8% of CO ₂ emitted by our social housing stock. Financial savings will be reflected in the tenants' own gas and electricity bills, so there is no direct financial saving for CYC Payback period n/a
<i>Resources</i>	Funding will be provided from the Housing Capital Programme via a CRAM bid. This has already been submitted. The project will be managed by the Housing Asset Management Tenant's Choice team
<i>Ownership and accountability</i>	Responsible for delivery: Mark Grandfield, Andy Wilcock To be consulted in decision making: Mark Grandfield, Andy Wilcock To be informed of actions, decisions or progress Steve Waddington, Debbie Mitchell
<i>Ensuring success</i>	The aim of this project is to meet the Government target of all homes complying with the decent homes standard by 2010. Risks: Cannot gain access to some of the homes Funding is needed for another priority Project not completed on time Risk mitigation: Good project management / ongoing communication with all involved. Good budget management
<i>Performance / success measure</i>	The SAP ratings for the homes will increase, showing lowered CO ₂ emissions levels for the average house.
<i>Timing</i>	Ongoing programme
<i>Sources of information and guidance</i>	Emissions data from Codeman stock condition database, which calculates SAP rating and emissions statistics of CYC properties. Typical savings sourced from Energy Saving Trust website

Project H3 : Decent Homes: Render 11 blocks of flats	
<i>Description and notes</i>	<p>To bring all council owned homes up to decent homes standard by 2010. This includes a number of energy efficiency measures to give the homes affordable warmth.</p> <p>Render 11 blocks of flats (110 properties) in Lindsay Avenue to improve their thermal insulation.</p>
<i>Quantified costs and benefits</i>	<p>Financial investment, operational costs £480,000</p> <p>Typically, rendering has a similar effect to cavity wall insulation, namely a CO₂ emissions saving of 750kg/year (Source: Energy Saving Trust). This is around an 8% saving on a typical property with no wall insulation.</p> <p>110 properties represent 1.4% of CYC's Housing stock, so the overall saving amounts to 0.11% of CO₂ emitted by our social housing stock.</p> <p>Financial savings will be reflected in the tenants' own gas and electricity bills, so there is no direct financial saving for CYC</p> <p>Payback period n/a</p>
<i>Resources</i>	<p>Funding will be provided from the Housing Capital Programme via a CRAM bid. This has already been submitted.</p> <p>The project will be managed by the Housing Asset Management Projects team</p>
<i>Ownership and accountability</i>	<p>Responsible for delivery: Mark Grandfield, Andy Wilcock</p> <p>To be consulted in decision making: Mark Grandfield, Andy Wilcock</p> <p>To be informed of actions, decisions or progress Steve Waddington, Debbie Mitchell</p>
<i>Ensuring success</i>	<p>This is a project in which the Housing Projects Team has previous experience. Risks are therefore small.</p>
<i>Performance / success measure</i>	<p>The SAP ratings for the homes will increase, showing lowered CO₂ emissions levels for the average house.</p>
<i>Timing</i>	<p>To be carried out in financial years 2009/10 and 2010/11.</p>
<i>Sources of information and guidance</i>	<p>Emissions data from Codeman stock condition database, which calculates SAP rating and emissions statistics of CYC properties.</p> <p>Typical savings sourced from Energy Saving Trust website</p>

Appendix C

Abbreviations

BERR	Department for Business Enterprise and Regulatory Reform
BAU	business as usual
CAMG	Corporate Asset Management Group
CAPMOG	Capital Programme Monitoring Group
CCL	Climate change Levy
CMP	carbon management programme
CMT	Corporate Management Team
CO ₂	Carbon dioxide
CRAM	Capital Resource Allocation Model (CYC's internal scoring system for capital funding bids)
CRC	Carbon Reduction Commitment
CT	Carbon Trust
CYC	City of York Council
DCFS	Department for Children, Families and Schools
DHP	decent homes programme
DTI	Department for Trade and Industry
GWh	giga watt hours: 1 GWh = 1,000,000 kWh
HASS	Housing and Adult Social Services
LA	Local Authority
LCCS	Learning Culture and Childrens' Services
LSP	Local Strategic Partnership
kWh	kilo watt hours
kWp	kilo watts peak (the peak output of a photovoltaic solar array)
MWh	mega watt hours: 1 MWh = 1,000 kWh
NI185	National Indicator 185 (performance indicator against which the council will be assessed)
ppm	parts per million
RES	Reduced Emissions Scenario
SAP	Standard Assessment Procedure (a measure of the energy efficiency of a house or dwelling)
SIP	Strategy and Implementation Plan
TC	tenants' choice

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Executive**22 April 2008**

Report of the Director of City Strategy

Result of Regional Transport Board Capital Bids and Application for Use of Contingency Funds.**Summary**

1. This report provides details of the results of the Regional Transport Board meeting on 4 April which assessed bids from Local Authorities in the region for funds to undertake major schemes. Members are asked to approve the release of funds from reserves to progress the development of the Access York bid.

Background

2. A new process introduced in 2006 gives the Regions more control over a Regional Funding Allocation (RFA) for major transport schemes on Local Authority and Trunks roads which are not of national strategic importance. The RFA for transport is approximately £90m per year with £845m allocated up to 2015/16. The Regional Transport Board (RTB) of the Yorkshire and The Humber Region reviews all larger schemes (generally over £5m) and manages the programme. The RTB advises the Department for Transport (DfT) which schemes they wish to promote within the Region and Ministers take account of this advice when determining the list of projects to be funded.
3. Following the identification of headroom and overprogramming allowance of approximately £159m in the early years of the RFA programme, due to delays in the delivery and approval of some of the larger transport projects, the Regional Transport Board invited bids for additional schemes for submission by 15 February for determination at the RTB meeting on 4 April meeting. Bids were restricted to schemes costing less than £30m which could be delivered before 2013/14. A full refresh of the programme extended up to 2017/18 is expected to be undertaken later in the year where further schemes could be introduced.
4. The Council submitted a bid for £26.5m (including 15% optimism bias) from the RFA programme for phase one of the Access York project which includes the construction of 2 new Park & Ride sites on the A59 and Wigginton Road and the relocation of the existing Askham Bar site. There were three other bids promoted by other Agencies/Authorities which involved work in the York area:

- Hopgrove Roundabout upgrade. (Promoted by the Highways Agency).
- Yorcard. The provision of a regional smartcard for rail and bus passengers. (Promoted by Metro, SYPTE and all authorities in the region).
- Regional Information Systems. The provision of enhanced Real Time Passenger Information for bus services in the region. (Promoted by all Authorities in the region).

5. The decision of the RTB was:

Proposal	Decision
Access York: Park & Ride Bid	All three Park & Ride sites approved for inclusion within the Regional Funding Allocation programme (£20.8m)
Yorcard	Approved for inclusion within the Regional Funding Allocation programme
Hopgrove Roundabout	Identified as a block 3 priority. Decision deferred until next RTB meeting in July
Regional Information Systems	Identified as a block 5 priority. Decision deferred until next RTB meeting in July

6. Acceptance by the RTB is the start of a long process to deliver the schemes. The RTB must first gain approval from Ministers for the proposed changes to the programme. Additional appraisal and design work will need to be undertaken by the Council before submitting a full Major Scheme Bid to the DfT later in the year. The DfT then have a three stage approval process prior to releasing funds for construction.
7. The DfT anticipate that they will take approximately 6 months to analyse the bid and determine whether it is acceptable for Programme Entry status. Following approval by the DfT additional design work would be undertaken and statutory approvals, such as planning consent, obtained prior to re-submitting the bid for Conditional Approval. Before granting Final Approval of the scheme the DfT require tenders for the construction works to have been received. Providing there have not been significant changes to the value for money of the scheme the DfT will grant Final Approval and construction can commence. If the scheme costs or value for money has changed by more than 10% then re-approval by the Regional Transport Board will be required.
8. The Park & Ride outline business case prepared for the RTB will need further work to ensure it meets the full requirements of the DfT. In particular additional transport modelling, site surveys and economic appraisal will be needed to confirm the costs, value for money and deliverability analysis.

9. The success of the Yorcard scheme bid means that the benefits of an integrated electronic ticketing system for the region will be realised in the next few years. The current smart card system on the Park & Ride service will be replaced with the Yorcard system allowing easier access to other network services including routes provided by other operators. It should be recognised that the Yorcard proposal only provides the technology to assist in the provision of integrated ticketing. There are considerable additional governance, competition and contractual issues to resolve before the full benefits of integrated cross ticketing could be achieved. The scheme will be progressed by the main promoters, South Yorkshire and West Yorkshire PTEs, in the region with the local contribution sourced predominantly from transport operators.
10. The Hopgrove Roundabout is one of the key constraints on the capacity of the Outer Ring Road, particularly in the evening peak. The deferral of the decision for the bid for funding means that there will be further delay in improving this junction. It is hoped that a positive decision will be made in July however it is probable that completion of the work will now not be possible until after the summer of 2009 to avoid impacting on the holiday traffic in the area. The Highways Agency will review their bid and resubmit to the RTB. If the Hopgrove scheme is not approved in July and the Highways Agency can not fund the scheme through its own resources then it will be proposed to include the improvements in the proposed Access York Major Scheme Bid.
11. The Regional Information Systems bid for the provision of additional Real Time Passenger Information equipment at stations and key points on the bus network in the region. The bid will be reviewed by the regional partners and re-submitted to the RTB in July.

Application for Use of Contingency Funds to Prepare the Major Scheme Bid

12. The DfT expect authorities to fully fund the development of the Major Scheme Bid up to Programme Entry acceptance stage. Following acceptance of the bid for Programme Entry the DfT will fund 50% of the further preparatory costs required to progress the scheme through to construction. The DfT would then fund approximately 90% of the construction costs with the remainder to be funded from local resources.
13. An allocation of £164k was identified in the 2008/09 revenue contingency budget to develop the Access York proposal pending the decision of the RTB. If Members agree it is proposed to use the funds to progress two main elements of the scheme:- preparation of a Major Scheme Bid for the Park and Ride proposal and development of a further bid to the RTB for the remainder of the Access York project including improvements to the Outer Ring Road.
14. It is estimated that up to £100k will be required to develop the existing outline business case up to the standard required for a full Major Scheme Bid (MSB) to the DfT. The MSB will be based upon the bid already prepared but will include additional survey work (archaeological, environmental, site investigation and topographical) to ensure all risks are identified and further

modelling and economic analysis to confirm the accuracy of the value for money appraisal. Consultation with key stakeholders and landowners will also be undertaken during this period and planning applications progressed where required. The Major Scheme Bid will be presented to Members for acceptance prior to submission to the DfT.

15. In addition it is proposed to use the contingency funds to progress the development of a bid for the remainder of the Access York project including upgrading the Outer Ring Road. It is proposed to prepare a bid to meet the Regional Funding Allocation refresh timetable with bids currently expected to be requested for submission in the Autumn. It is proposed to undertake preliminary modelling work to review the recommendations of the previous Outer Ring Road study undertaken in 2005 and report back to Members in the Summer before finalising a preferred option to enable a bid to be submitted to the RTB later in the year. It is anticipated that up to £64k will be needed to undertake traffic modelling, prepare outline designs for costing purposes, undertake the economic appraisal of the proposal and prepare the bid documentation. Further funds will be required in 2009/10 if the Regional Transport Bid was successful to progress a Major Scheme Bid to the DfT.
16. The projected costs for the two elements of the development of the Access York Project is £164k in 2008/09 which would fully use the contingency allocation of £164k. If additional funds are needed to complete the bids it is proposed to fund the shortfall from existing City Strategy budgets.

Consultation

17. Internal consultation on the Park & Ride bid was undertaken with Finance, Property, Environmental Protection and Transport Planning to ensure that the proposals was acceptable. Consultation on the proposed sites will be undertaken during the pre-planning application stage and the views of stakeholders incorporated into the final bid to the DfT.

Corporate Priorities

18. The development of the Park & Ride service and improvements to the Outer Ring Road are key elements of the Council's transport strategy set down in the Local Transport Plan (LTP). In addition the proposals support the Council's strategy to increase the use of public and environmentally friendly modes of transport.

Implications

19. The provision of a successful Access York project is essential for the continued prosperity of the city and the desire to reduce congestion and improve air quality in the city centre. There are implications across a wide range of areas both within the Council and externally.
20. **Financial Implications** The DfT approves funding for Major Schemes on the basis that 10% of the funding is locally sourced. The local funds could be from the LTP settlement, developer contributions or Council resources. To progress

the Park & Ride sites approximately £3.3m spread over 3 years would need to be contributed from local sources. Additional funds from local resources would be required to progress the remainder of the Access York Project.

21. If the local contribution for the Park & Ride sites was funded from the LTP settlement it could mean less funding would be available for other integrated transport schemes across the city during that period. Approximately £1.3m was allocated in the original 5 year LTP programme for the enlargement of the Askham Bar site. The remainder of the contribution could be sourced from other blocks within the LTP programme and local resources including the possible sale, subject to Member approval, of the existing Askham Bar Park & Ride site. Currently it is not anticipated that any developer contributions would be available to support the provision of the Park & Ride sites in the timescale required however it may be possible to fund future expansion of the sites from specific developments. In particular it is anticipated that developer contributions from the York Northwest development may be available to expand the A59 site to meet the increased demand.
22. Preparatory costs incurred prior to the acceptance of the scheme by the DfT are not recoverable through the Major Scheme Bid process and would need to be provide from Council Revenue sources. It is anticipated that approximately £164k would be required to prepare a Major Scheme Bid for the full package and progress the remainder of the Access York Bid in 2008/09. Additional funding, if required, would be sourced from within existing City Strategy revenue budgets. Once the bid has been accepted by the DfT 50% of the further development costs after acceptance to take the bid through the approval process are recoverable from the DfT. The DfT will then fund 90% of the construction costs and 50% of any additional risk costs up to an agreed level. Any additional costs above this agreed level would have to be funded fully from local sources.
23. The cost of the development of Access York was identified as a potential budget pressure (in the sum of £164k) as part of the council's budget preparation, and as such was included within the list of pressures that may require funding from either the Council's Contingency Fund or from reserves. The total of all the possible cost pressures identified was over £2m and the Contingency Fund was set at £800k. Given the one-off nature of the expenditure it was indicated that if resources were required they should be considered for funding from reserves.
24. The Council has reserves that can be used to fund non-recurring expenditure, which will leave the contingency available to fund recurring items. It is important that the Council maintain a minimum level of revenue reserves to deal with any unforeseen events. The value of the minimum level of these reserves is determined by a risk assessment undertaken by the Director of Resources and included in the annual Revenue Budget report. The resulting calculation indicates that the council should, as a minimum, hold general reserves of £5.219m for 2008/09 and £5.375m for 2009/10. The Director of Resources recommended that the Council looks to remain above this target for the next two years, although the current forecasts show the Council will move below these levels in the future, and that it is particularly important that the

reserves are reviewed once the 2007/08 out-turn is known. It is estimated that there will be approximately £1.376m of other revenue reserves available, thus the level of the general fund balance should not fall below £3.843m. The current forecast level of the general fund balance at the end of 2008/09 is £4.575m, although there are also future commitments to use the general fund reserve amounting to £1.316m, which will take the level down to £3.259m. If this application is approved the balance will reduce to £3.095m.

25. There will be further financial implications to the Council relating to the operation of the new sites. Currently a licence fee is paid to the Council by the operator of the service. The contract for the operation of the new sites would need to be procured in accordance with the Council's financial regulations which may result in a lower rate being received for the new sites owing to the risk associated with patronage numbers in the early years of operation.
26. **Human Resources (HR)** There are no Human Resource implications for staff employed by the Council. The role of the Park & Ride monitoring officer will change to include the additional sites. A project team will need to be created to progress the construction of the new sites however it is likely that some of the work will be undertaken by Consultants.
27. **Equalities** There are no equalities implications of progressing the bid at this stage.
28. **Legal** There are no legal implications of progressing the bid at this stage.
29. **Crime and Disorder** There are no crime and disorder implications.
30. **Information Technology (IT)** There are no IT implications.
31. **Property** If the new site at Askham Bar is constructed the existing site, owned by the Council, would be vacated and available for possible sale.
32. **Other** None.

Risk Management

33. In compliance with the Council's risk management strategy the main risks that have been identified in this report are those which could lead to financial loss, non-compliance with legislation, damage to the Council's image and reputation and failure to meet stakeholders' expectations. However measured in terms of impact and likelihood, the score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.
34. At this stage in the bid process the Council does not commit to funding or underwriting the construction of the new sites. Separate reports will be submitted to the Executive as the bid progresses indicating the financial commitment and level of risk at each stage.

Recommendations

35. Members are asked to:

- 1) Note the decision of the Regional Transport Board.
- 2) Agree to the release of £164k from council reserves to progress the Major Scheme Bid for the development of the Park & Ride sites and prepare a bid for the remainder of the Access York project to be submitted to the Regional Transport Board later in the year.

Reason: To obtain funding to improve transport provision in the City.

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Report Approved **Date** 9 April

Damon Copperthwaite
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Report Approved **Date**

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Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:
2nd Local Transport Plan
Access York Phase 1: Park & Ride Development: Proposed Submission to the
Regional Transport Board - Report to 12 February 2008 Executive

Annexes



Executive

23 April 2008

Report of Democratic Services Manager

Highways Scrutiny Ad-hoc Scrutiny Committee – Final Report**Summary**

1. This report presents the final reports for parts A & B of the Highways Ad-hoc Scrutiny Review and asks Members to approve the recommendations previously agreed by Scrutiny Management Committee.

Background

2. At its meeting in September 2006, Scrutiny Management Committee (SMC) agreed to proceed with a review of topic No.135 into Highways Maintenance Procurement and the PFI bid. The issues raised within the registered topic were split into two parts and a remit was agreed for both. The aim of each remit was as follows:
 - Part A – To contribute to the development and establishment of a strategic and effective highways maintenance procurement strategy in York and to understand the cost implications associated with the PFI bid and its outcome if successful.
 - Part B - To examine how the Council can fund the PFI and gain an understanding of the alleged financial loss to the council caused by delays in the procurement process since 2003.

Consultation

3. This review was progressed in consultation with the Assistant Director of City Development & Transport and other key officers in City Strategy.

Options

4. Having regard to the aims and objectives of the remits for parts A & B of the review and having considered the information provided in both final reports and their associated annexes, the options available to the Executive are:
 - i. to approve the recommendations arising from this ad-hoc scrutiny review in full or part;
 - ii. to reject the proposed recommendations and outline alternative proposals, where applicable

Analysis

5. In regard to the aims and objectives of both parts A & B of the review, the final reports and annexes attached, detail all of the information gathered and the arising issues.

Summary of Recommendations Arising From Review

6. In regard to Part A of the review, the Ad-hoc Scrutiny Committee agreed:
 - i. That the efficiencies and other benefits gained through the PFI approach, as highlighted within the Expression of Interest (EoI) should be weighed against any budgetary inflexibility in future years, when deciding whether or not to proceed with the PFI process.

Reason: To ensure the most effective and financially viable outcome for highway repairs and maintenance, within the overall City of York Council budget is achieved.
 - ii. That in the event that the PFI outcome is unsuccessful, the key issues identified should be taken into consideration when deciding upon an alternative approach.

Reason: To ensure the best alternative option for procuring service delivery.
 - iii. That in the event that the Council's EoI is successful, the decision to proceed to the next stage of the PFI process, i.e. submitting an Outline Business Case¹ (OBC), be weighed against the resulting greater annual budget commitment required from the Council if the highways repair and maintenance works are to be carried out.

Reason: To ensure the most cost effective method for funding the required works.
 - iv. That it should be noted that as there are too many unknown quantities at this stage in the process, the total expenditure over the lifespan of the PFI cannot be properly identified.
 - v. That in the event that the EoI is successful, careful consideration should be given when deciding whether to proceed to each of the following stages of the process, thereby ensuring a full understanding of the cost implications.
 7. In regard to Part B of the review, the Ad-hoc Scrutiny Committee agreed:
 - i. That there has been an impact on the repayments to the Venture Fund caused by the delays in implementing the actions agreed as part of the Best Value Review
-

- ii. The delays in implementing the actions agreed as part of the Best Value Review were necessary
- iii. The total savings made in Highways Maintenance since the Best Value Review are significantly higher than those identified therefore there has been no financial loss to the council caused by the delays in the procurement process

Corporate Priorities

- 8. It was recognised that this review could contribute to improving 'the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces' by helping to improve the Council's procurement arrangements for highways maintenance. In rationalising our procurement arrangements, it could also help in our ambition to be clear about what we will do to meet the needs of our communities and then to deliver the best quality services that we can afford.

Implications

- 9. There are no specific financial implications arising as a consequence of the recommendations made within the attached final reports. However, the PFI has significant financial implications that will be identified in future EMAP / Executive reports.
- 10. There are no known HR, Equalities, Legal, Crime and Disorder, ITT, Property or Other implications associated with the recommendations arising from this review.

Risk Management

- 11. There are no known risks associated with the recommendations arising from parts A or B of this ad-hoc scrutiny review.

Recommendations

- 12. In regards to parts A & B of this review, Members are asked to note the contents of the attached final reports and annexes and approve the recommendations arising from the review as detailed in paragraphs 6 & 7 above.

Reason: To enable the Executive to introduce appropriate changes to working practices and/or Council policy and procedures.

Contact Details

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Dawn Steel
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Report Approved



Date 19 March 2008

Wards Affected:

All



For further information please contact the author of the report

Background Papers:

Local Government Private Finance Initiative (PFI): CYC Expression of Interest

Annexes:

Final Report for Part A of the Highways Ad-hoc Scrutiny Review

Part A - Annex A: Alternative Procurement Options for 2010

Part A - Annex B: Timetable of remaining stages of PFI process

Part A - Annex C: Presentation on budget Pressures

Final Report for Part B of the Highways Ad-hoc Scrutiny Review

Part B - Annex A: Outcome of Highway Maintenance Best Value Review

Part B - Annex B: Urgency Committee Report dated 5 September 2006

Part B - Annex C: Overview of Approach to Benchmarking Costs

Part B - Annex D: Table of Events Relating to Highways Maintenance Procurement
& the PFI Process

Part B - Annex E: Outcomes of Best Value Improvement Objectives and Actions



Highways PFI Ad-Hoc Scrutiny Committee

26 February 2007

Final Report for Part A of the Highways Ad-hoc Scrutiny Review

Background

1. In September 2006, Scrutiny Management Committee (SMC) agreed to proceed with a review of topic No.135, into Highways Maintenance Procurement and the Private Finance Initiative (PFI)¹ bid. SMC were informed that the Expression of Interest (Eoi) associated with the PFI bid had already been submitted to the Department of Transport (DfT). They therefore requested that the original topic registration registered in April 2006 by Cllr Tracey Simpson-Laing, be revised to take this development into account.
2. In November 2006 SMC considered the revised registration together with a draft remit which proposed the issues raised be dealt with in two parts. SMC agreed that part A of the review should centre entirely on how scrutiny could help prepare for the procurement of highways maintenance when the outcome of the PFI is known and consequently, how it could contribute to maximizing the Council's efficiencies and improving its procedures. It was felt that this would contribute proactively to the ongoing development work in anticipation of the outcome of the PFI bid in January 2007.

Corporate Priorities

3. It was recognised that this review could contribute to improving 'the actual and perceived condition and appearance of the city's streets and open spaces' by helping to improve the Council's procurement arrangements for highways maintenance. In rationalising our procurement arrangements, it could also help to improve our organisational effectiveness.

Options

4. Members can support all, some or none of the recommendations proposed as a result of this review, for submission to Scrutiny Management Committee and then to Executive.

Remit

5. In coming to a decision to review this topic, the Scrutiny Management Team recognised certain key objectives and the following remit was agreed:

¹ A PFI is a scheme where the Government contracts a private company to carry out an agreed programme of works involving a public service over a fixed term.

Aims

To contribute to the development and establishment of a strategic and effective highways maintenance procurement strategy in York

To understand the cost implications associated with the PFI bid and its outcome if successful.

Objectives

- examining the potential efficiencies from a PFI arrangement;
- making recommendations with regard to available alternative options in the event that a PFI outcome is unsuccessful;
- looking at the cost effectiveness of those options, including improved ways of working;
- profiling expenditure over the lifespan of the PFI and any associated secondary costs.
- To understand the cost implications associated with the PFI bid and its outcome.

Examining the potential efficiencies from a PFI arrangement

Consultation

6. Prior to the commencement of this scrutiny review, the Council had already submitted an Expression of Interest in relation to the Highways PFI. As part of that process officers had fully examined the potential efficiencies which could be gained from a PFI arrangement.

Information Gathered

7. The identified efficiencies and other potential benefits to be gained from a PFI arrangement include:
 - Clearing the backlog of repairs
 - Improving maintenance services to allow the right maintenance at the right time
 - Lower future maintenance requirements
 - Effective and efficient network management resulting in improved traffic flows, accessibility and reliability
 - Improvements in congestion, air quality and ecological footprint²
 - A safer and secure environment
 - The provision of sufficient investment to contribute to the development of broader Council objectives

Issues

8. Members of the Committee studied the EoI previously submitted. This highlighted the problem facing City of York Council as it identified a substantial

² York is the only city in the country with an Eco Footprint model and a target of 70% reduction on carbon emissions over the next 50 years.

backlog of maintenance works on the highway network valued at an estimated £127.5m. It recognised the council's inability to fund whole life cycle asset management principles through intervention maintenance, resulting in an accelerated decline in asset value and network conditions. To be able to rehabilitate the asset and meet the central Government target of eliminating highways backlog by 2014/15, it is estimated that an additional £155m of capital life cycle replacement would be required to maintain the rehabilitated asset over the next 20 year period.

- 9 Members considered the options available to the Council listed in the EoI and were confident that consideration had been given to the possible efficiencies to be gained from a PFI arrangement, and that no further work was necessary in relation to this objective.
10. It was recognised that in order to decide whether to proceed to the next stage of the PFI process, the Council would need to weigh up the recognised efficiencies against the annual commitment in terms of budget which would be required over the 25-year term of the PFI³.
11. Members acknowledged that PFI has the greatest potential to deliver an holistic approach across the entire unitary authority area, compared to other schemes, because of the generous PFI credit arrangement.

Recommendation

12. That the efficiencies and other benefits gained through the PFI approach, as highlighted within the EoI be weighed against any budgetary inflexibility in future years, when deciding whether or not to proceed with the PFI process.

Reason: To ensure the most effective and financially viable outcome for highway repairs and maintenance, within the overall City of York Council budget is achieved.

Implications

13. There are no quantified Financial, HR, Equalities, Legal or other implications associated with the above recommendation.

Available alternative options in the event that a PFI outcome is unsuccessful

Consultation

14. The Assistant Director of City Development & Transport provided the Committee with information on two simplistic alternative options to PFI – see Annex A.

Information Gathered

15. In considering these two alternatives, it was recognised that:

³ The Council would be committed to the PFI irrespective of any future budget constraints

- a. both had merits and drawbacks
- b. between these two different approaches there were potentially many possibilities for combining elements of each.
- c. many Local Authorities have been operating a hybrid approach which incorporates aspects of each of the two alternatives outline in Annex A.
- d. careful consideration would need to be given to achieve the optimum solution for each particular aspect of work to be undertaken

Issues

16. The Committee were drawn towards the partnership approach but recognised the complexity of calculating the optimum solution for procuring service delivery. The Committee agreed that, given the timescale, it would be better to look at the key principles which should be taken into account at the time of selecting an alternative approach, rather than attempting to determine which approach should be used. It also recognised that the work undertaken to produce the EoI would assist any other work required if the PFI outcome was unsuccessful. Members identified the following key principles which they felt would need to be considered when deciding how to proceed:

- (a) Affordability

The level of funding available will influence which work method is adopted. Any work programme should be accurately costed as far as possible at the outset to avoid any overspends.

- (b) Value for Money

Historically, some local authorities engaged in partnerships for efficiency savings which did not ultimately materialise. Some in-house arrangements in the past were not always efficient which led to ? and current evolution. Any contract should ensure that perceived efficiencies are realistic and are delivered.

- (c) Sustainability

The Transport Asset Management Plan (TAMP) should be reviewed on a regular basis to ensure that the most sustainable working practices and materials are used.

- (d) Risk Management

Members were particularly concerned regarding this issue. It was acknowledged that the balance and transfer of risk is central to any procurement consideration. If a partnership route is adopted, it should be ensured that the appropriate level of risk is borne by each party.

- (e) Degree of Control

Regardless of the approach undertaken, the Council should ensure that control of any project is suitable to the selected approach. Where work is held in house, it was acknowledged that there were might be less flexibility in how work was carried out. It was also noted that Members control would have to be exercised differently and probably at a more strategic level. These would not be applicable in a partnership approach.

(f) Innovation

Any contractor should embrace new innovative approaches in working practices, machinery and materials to ensure that any construction is undertaken to the optimum benefit of the Council, contractor and residents and this needs to be contractually encouraged.

(g) Residents Priorities

Priorities of residents should be considered in any undertaking and in the planning and construction of any development. Issues raised should be catered for as much as possible bearing in the mind contractual restraints and provided neither the quality nor the efficiency of work are detrimentally affected.

(h) Long Term Consequences

Members recognised these would exist in any partnership approach and would not necessarily be apparent at the outset of any contractual arrangement. They appreciated, however, that selecting the 'right' partner in any contractual arrangement could help minimise adverse consequences.

Recommendation

17. That in the event that the PFI outcome is unsuccessful, the key issues identified should be taken into consideration when deciding upon an alternative approach.

Reason: To ensure the best alternative option for procuring service delivery.

Implications

18. There are no quantified Financial, HR, Equalities, Legal or other implications associated with the above recommendation.

The cost effectiveness of alternative options to PFI, including improved ways of working

Consultation

19. Officers from the Council's Resources Directorate provided information on various sources of alternative funding. It was recognised that some of the different sources would only be applicable to certain approaches. Some were unlikely to fund maintenance works and others would not provide funding on the large scale required.

Information Gathered

20. The alternative sources of funding identified were:

(a) Venture Capital⁴

⁴ Venture capital (VC) is funding invested, or available for investment, in an enterprise that offers the probability of profit along with the possibility of loss.

This would only be available for partnership working if a case could be made for this.

(b) Venture Fund

It was understood that funds could be drawn down from the Fund (part of the Council's Reserves) with the Fund expecting return of profit. However, it was acknowledged that the Venture Fund was inadequate for the programme under scrutiny.

(c) Prudential Borrowing⁵

This would provide funds with which to undertake a works programme, but this would not have the advantage of PFI credits and it would be necessary to identify where savings could be made in future years to repay the loan.

(d) Yorkshire Forward⁶

It was considered that there would need to be an identifiable improvement to the economic wellbeing of the city over and above the Council's normal maintenance programme, in order to access funding from this source. It was also considered that there would probably have to be a benefit to the region.

(e) National Lottery

It was considered that the amounts of funding would be relatively small and that it would be a support but not a major source. Funding from the Lottery would be for very specific purposes, e.g. heritage, arts, sports, Conservation Areas etc, and would not be available for maintenance programmes.

(e) European funding sources

It was considered that any EU funding would need to be linked with partnership working between countries. Access to funding from this source was likely to be tied to specific projects, separate from normal maintenance and would not necessarily depend solely upon the scheme but also how it would be implemented and what new innovation was involved.

Issues

21. The Committee acknowledged that on the basis of the information received, the Council could not expect to receive sufficient alternative funding on the scale of PFI to finance all of the identified remedial works required to the highways infrastructure. This in turn would result in it's further decline.
22. In order to complete all of the remedial works required and sustain a full maintenance programme, the Council would have to make a much larger annual commitment in terms of budget than that which would be required over

⁵ Prudential Borrowing allows local authorities to raise finance for capital expenditure – without Government support - where they can service the debt without extra Government support.

⁶ Yorkshire Forward is the Regional Development Agency charged with improving the Yorkshire and Humber economy

the 25-year term of the PFI. This again would have far reaching financial implications.

Recommendation

23. That in the event that the Council's EoI is successful, the decision to proceed to the next stage of the PFI process, i.e. submitting an Outline Business Case⁷ (OBC), be weighed against the resulting greater annual budget commitment required from the Council if the highways repair and maintenance works are to be carried out.

Reason: To ensure the most cost effective method for funding the required works.

Implications

24. There are no quantified Financial, HR, Equalities, Legal or other implications associated with the above recommendation.

Profile of expenditure over the lifespan of the PFI and any associated secondary costs

Consultation

25. The Assistant Director (City Development & Transport) provided information on some of the factors which will affect the overall cost of a PFI arrangement to the Council. One of the main factors would be managing the risks involved. As part of the process of drawing up a PFI contract between a potential partner and the Council, an appropriate level of risk should be considered and agreed by each party.
26. Contract costs would be influenced by the level and amount of risk accepted by the partner. Therefore, the Council will need to take account of this within the negotiations.

Information Gathered

27. Two main risks were identified as follows :
 - (a) Project Risk
 - i)Not achieving a signed contract at the end of the PFI bidding process. This is a pathfinder project i.e. the Department of Transport (DfT) want to identify a best practice approach for future use. As a result, it is recognised that the whole process could take longer to complete which would result in higher costs than the £2.5m previously identified. It is expected that the DfT will provide advice, resources and possibly financial support to assist the process.

⁷ The term "outline" refers to the fact that in the initial stages of a project, a business case can only be drawn up in outline form. The intention is, that as the project progresses it will become a "living document" and be subject to further iterations and refining of the content.

The investigative works are likely to have significant cost which would be beneficial for a PFI contract though, if unsuccessful, the benefits from the information gained would not necessarily outweigh the costs incurred. The survey may also highlight unforeseen problems generating additional work and costs.

(b) Contract Risk

There are several areas within the contract where the amount of risk to be transferred would need to be carefully considered:

i) Latent Defects⁸

The cost of latent defect risk will be priced by the Service Provider (SP) dependant on the level of transfer the Council attempt to pass down in the PFI contract. In general the market is willing to accept uncapped liability for Carriageways and Footways on the basis that the highway network is mature and works associated with their rehabilitation and on-going maintenance will not involve major excavation below the existing construction layers. There are two areas which cause concern to the market:

- Drainage - Structural failure on the Council network e.g. collapsed gully connections in the carriageway which did not occur through improper maintenance by the SP. The position the SP adopts in respect to the Council drainage is largely dependant on the availability and size of asset data, existing maintenance regime, and records of past works undertaken resulting from latent defect failure. Should the negotiation of the contract result in risk being taken by the Council, the assessment of the engineering scenarios and relative costs suggest this exposure will be low risk low cost.
- Structures - an inherent fault resulting in major structural failure of a bridge which did not occur as a result of inadequate maintenance by the SP. The contract will contain a liability cap on the SP to cover latent defects in structures which can be limited to the Council's key structures, i.e. those structures of high capital replacement value in light of major catastrophic failure. The caps are operated on an individual and aggregate basis. The adequacy of the cap and exposure to risk will be informed by the technical review of the data room information and priced accordingly. Ultimately, the value of caps will be set to represent a commercially affordable solution and demonstrate sufficient risk transfer to offer value for money.

ii) Legislation

No contractor would accept risk related to changes in legislation. This is a non-transferable risk and the effects are unforeseeable.

iii) Inflation

Any contract will allow for a certain level of inflation but over such a long term project it is impossible to completely cater for extreme variances.

⁸ A latent defect is a hidden or dormant fault/defect that could not be discovered by observation or by a reasonable thorough inspection.

Any contract will be vulnerable to higher inflation in the early years.

iv) Vandalism

It is impossible to foresee what effect this may have on any contract and any partner would be reluctant to accept this risk without some form of indemnity from Council.

v) Breach of Contract

A breach could stem from a deterioration of service over a period of time. This could have a significant impact on the level of management and maintenance. Although there is recourse through contractual and financial arrangements, there would be a level of disruption while a satisfactory solution was achieved.

In the unlikely circumstances of a company liquidation the Council will have the additional protection of the bank's involvement, including early warning, which is more secure than the current private arrangements.

vi) Affordability

The long term nature of this type of contract raises questions regarding the level of funding which the Council could and would commit with the internal and external funding pressures and legal constraints it faces.

vii) Insurance

The risk would be where the contractor would accept the risk, to a certain limit, after which point the Council would be expected to bear the balance, though there could be a cost-sharing basis to a certain level.

viii) Climate Change

Over such a long-term project the impact of climate change cannot be quantified. The potential for global political, financial and environmental changes may have far-reaching and unforeseen consequence which may impact on the contract. This would not be a risk that the partner would accept.

Issues

28. It is clear that it is impossible to identify all possible risks involved with such a long term contract but failure to maintain and repair the highways infrastructure carries its own risks. For example, the Council presently self insures against claims, and has an extremely successful repudiation rate, but it is considered that the number of claims would be likely to increase as the infrastructure continued to deteriorate. Also, as central Government has set a target of eliminating highways backlog by 2014/15, the Council may incur costs if this work is not completed on time.

Recommendation

29. That it be noted that as there are too many unknown quantities at this stage in the process, the total expenditure over the lifespan of the PFI cannot be properly identified.

Implications

30. There are no quantified Financial, HR, Equalities, Legal or other implications associated with the above recommendation.

The cost implications associated with the PFI bid and its outcome

Consultation

31. The Assistant Director (City Development & Transport) presented information on the timetable for the remaining stages of the PFI process – see Annex B. This included information on each stage and the points at which a decision would need to be taken on whether or not to proceed.
32. Information was also presented on a number of procurement risks which could impact on the PFI scheme:
 - Time – the longer the negotiations are, the more expensive the cost.
 - Cost
 - Change of Rules
 - Attractiveness of Contract –the contract must be attractive to bidders otherwise the scheme will be a waste
 - Challenge and Withdrawal – a bidder could challenge the procurement process and withdraw from the negotiations

Information Gathered

33. The Director of Resources presented a summary of the budget for 2007/08 which highlighted expected pressures – see Annex C. It was recognised that a decision to proceed with the next stage of the PFI bid, i.e. submitting an OBC would have an effect on the 2007/08 budget. The summary also recognised that the largest proportion of cost would be likely to be incurred in 2010/11, as the majority of cost occurs in the last few months.

Issues

34. Although there are recognised cost implications associated with a PFI bid, costs would be reimbursed when the PFI scheme commenced. It is clear that the overall cost to the Council of the PFI approach would be less than completing the same amount of work of the same quality and standard via alternative methods. The Council could only finance the same amount of remedial and maintenance works as done through a successful PFI, by putting severe constraints on other budget commitments over the 25-year period.
35. The drawback of the PFI route would be that the Council cannot predict what else may occur during the next 25 years that may result in further budget pressures and once a PFI contract is signed, the Council could not reduce its financial commitment to the repairs and maintenance works to allow the budget to be reassigned. The Council would have little room to manoeuvre with regard to its financial commitments.

36. The current variance is £0.5m - £1.0m, though until detailed calculations have been undertaken, to assess the affordability of the scheme, the actual variance will not be known. It was also acknowledged that the difference between the current allocated budget and the notional budget assumed in the EoI was in the region of £1.25m, and members were concerned that the OBC should identify a means of addressing the shortfall.
37. Members also acknowledged that other unquantified known short to medium term budget pressures (e.g. Waste PFI) exist, and recommended that an holistic view of the financial constraints of the Council will have to be taken.

Recommendation

38. That in the event that the EoI is successful, careful consideration should be given when deciding whether to proceed to each of the following stages of the process, thereby ensuring a full understanding of the cost implications.

Implications

39. There are no quantified Financial, HR, Equalities, Legal or other implications associated with the above recommendation.

Acknowledgements

The Ad-hoc Scrutiny Committee would like to record its thanks to the various officers who have supported Part A of this review. The assistance and advice received has been appreciated, and without this support it is unlikely that the scrutiny could have been completed in the timescale. In particular thanks go to:

Damon Copperthwaite, Assistant Director (City Development & Transport)
Paul Thackray, Head of Highway Infrastructure, City Strategy
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Final Report Approved



Date 22 February 2007

Councillor Richard Moore (Chair)
Highways Maintenance Scrutiny Ad-Hoc Sub-Committee

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Local Government Private Finance Initiative (PFI): CYC Expression of Interest

Annexes

Annex A – Alternative Procurement Options for 2010

Annex B - Timetable of remaining stages of PFI process

Annex C – Presentation on budget Pressures

Basic Service Delivery & Procurement Options for 2010

Approach	Traditional	Partnership
Scope	Broken into components i.e. Surfaces Street Lighting Routine / Reactive Technical i.e. traffic signals, CCTV	All inclusive with one partner
Client	Large	Small

Contract Arrangements

Specification	Input - where an exact job specification is agreed with the contractor prior to work commencing.	Output - Having agreed the outcome, the partner decides how to achieve this and then carries out the work. For this to be successful the partnership would need to be based on trust, openness and honesty. To achieve this level of compatibility, the two partners have to be confident that they both have the same work ethos and standards, therefore much time will be spent at the contract stage to ensure both parties fully understand the requirements of the other. They are equal partners and must both deliver on their side of the bargain
Risk to Council	Retained - risk remains with CYC	Transferred - a majority of the risk is transferred to the partner. The partner will not accept unknown risk i.e. inflation, insurance, changes to legislation.
Cost	Medium, there could be some increase due to variations	High - Initial high cost because partner takes on majority of risk including the biggest risk of all - construction risk. Partner has limited ability to come back for extra money
Term	Medium (5-7 yrs)	Long (7-10yrs) - Partner covers his costs over a longer term.
Incentive	No - The contractor has agreed a price before the work commences therefore there is no incentive to be more efficient	Yes - With a longer term there is more incentive/benefits to be more efficient

Procurement Arrangements

Evaluation	80% price / 20% "quality" - Tenders received are considered mainly on the cost as the specification set by CYC would have been written in terms of the required levels of quality	40% price / 60% "quality" - As the partner will be wholly responsible for the standard of work carried out it is important to consider the "quality" of the partner (e.g. whether the work ethos is compatible) when agreeing a contract. This becomes a much more important factor and outweighs the issue of cost.
Method	EU restricted standard tender	EU restricted or competitive dialogue (if the rules for competitive dialogue are met)
Cost	Medium - specifications are drawn up for each aspect of work	High - More time and resources are spent at the procurement stage to ensure the partnership is solid and will achieve the required outcomes.

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City of York CouncilPrivate Finance Initiative : Highway Maintenance Pathfinder ProjectDraft Timetable and Decision Making Points

Expression of Interest : Annex 10

<u>Activity</u>	<u>Timescales</u>	<u>Decision</u>	<u>Time</u>
<u>Preliminary Phase</u>			
Development of Eol	June 06 – Sept 06		
		Urgency Committee: To approve submission of Eol	5 Sept 06
Submission of Eol to DfT	10 Sept 06		
		Approval of Eol by DfT Project Review Group	April 07
		Executive Report: Implications of the project including risk, submission of OBC, funding of the project	July 07
Appointment of a project team	June 07		
Preparation of Outline Business Case	June 07 – April 08		
		Executive Report: To approve submission of OBC and agreement to procurement process	April 08
Submission of OBC to DfT	April 08		

Approval of OBC
by DfT Project
Review Group Aug
08

Procurement

Advisors Develop advisor contracts April 08

Issue OJEU Notice May 08

Issue PQQ June 08

Appoint short list,
seek proposals July 08

Advisor interviews Aug 08

Executive Report: Aug 08
To approve
appointment of
advisors

Appointment of
advisors Sept 08

Service
Providers Development of
Contract Details June 07 – May 09

Issue OJEU Notice Oct 08

Issue PQQ and
seek Expressions
of Interest Nov 08

PQQ Evaluation
and Short Listing Dec 08

Executive Report: Jan 09
To approve stage
1 short list of
service providers

Invite Submission
of Outline Solutions Jan 09

Submission of
Outline Solutions Mar 09

Evaluation and April 09

dialogue of Outline
Solutions

Executive Report: May 09
To approve Stage
2 short list of
service providers

Invite Submission of Detailed Solutions May 09

Submission of Detailed Solutions June 09

Evaluation and dialogue of Detailed Solutions June 09 – Jan 10

Close dialogue Feb 10

Invite Final Tenders Feb 10

Evaluation of Final Tenders May 10

Clarification of Final Tenders May 10 – Aug 10

Executive Report: Sept 10
To approve
selection of
preferred Service
Provider

Final clarification, due diligence. Sept 10 – Nov 10

Preparation of Final Business case to DfT Sept 10 – Nov 10

Executive Report: Dec 10
To approve the
Final Business
Case for
submission to DfT

Submit FBC to DfT PRG Dec 10

Approval of FBC
by DfT Project
Review Group Feb 11

Financial Close and Award of contract Feb 11

Mobilisation and start of Contract Feb 11 – July 11

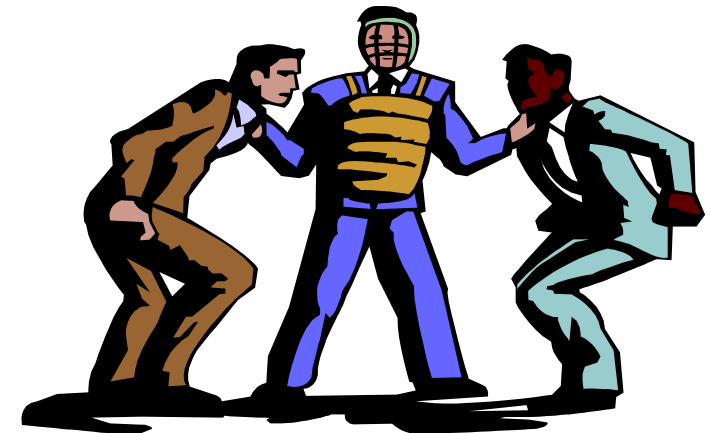
Damon Copperthwaite
19 February 2007

Budget Summary 07/08

	£'m
Unavoidable Growth	7.98
Reprioritisation of resources	5.93
Total Growth Requirement	13.91
FUNDED BY	
Savings	5.05
Council Tax	4.18
Changes in Funding	2.04
Pressures offset by Contingency	1.50
Use of Reserves	1.14
Total Funding	13.91

Key 2007/08 Budget Pressures

- Pay and Prices £4.269m
- Job Evaluation £1.250m
- Supporting People £0.897m
- Waste Management £0.822m
- Social Care Cost Pressures £0.785m



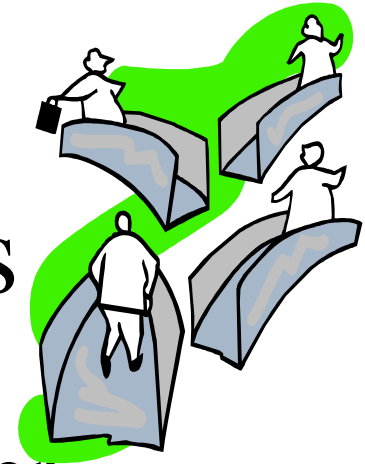
Current and Future Pressures

Area	2007/08	Onwards
Pay and Prices	Yes	Yes
Job Evaluation	Yes	Decreasing
Supporting People	Yes	Yes
Waste Management Strategy	Yes	Increasing
Social Care	Yes	Yes
Highways PFI	No	2010/11
The White Paper & Lyons	No	Yes
Comprehensive Spending Review	No	Yes
Admin Accom	No	Long term saving

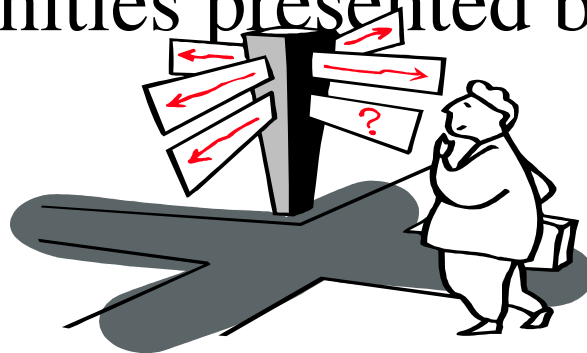
PROJECTIONS

- 08/09 Growth Pressures £11.1m
- 08/09 Net Pressure after grants and C Tax rises £5.8m
- 09/10 Growth Pressures £11.7m
- 09/10 Net Pressure after grants and C Tax rises £5.9m

Key Future Uncertainties



- What the White Paper, Lyons and other reviews will really mean?
- Comprehensive Spending Review 2007 (July! Sept???)
- Meeting waste targets.
- Remodelling services to meet the opportunities presented by Easy and Admin Accom.



CSR 2007



- When will it be?
- 2% for pay?
- Deduction for Efficiency target / 3% cash???
- Confusion over population figures and other data
- 3year fixed grant (with adjustments) + set 3 year Council Tax???
- Lobbying on area cost adjustment, visitor numbers.
- Unwinding of damping extra £870k - when?

Longer Term Savings

- Efficiency Programme
 - Council wide/big issues
 - Departmental
- Strategic Procurement Programme
- Approach to efficiency/efficiency culture
- Awareness raising
- Contribution of Total Systems and IT
- Benchmarking Services to Identify and Challenge ‘High Cost’



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Highways Maintenance Ad-hoc Scrutiny Committee

25 February 2008

Final Report for Part B of the Highways Ad-hoc Scrutiny Review

Background

1. At its meeting in September 2006, Scrutiny Management Committee (SMC) agreed to proceed with a review of topic No.135 into Highways Maintenance Procurement and the PFI bid. The issues raised within the registered topic were split into parts A & B. At a meeting of SMC in March 2007 the final report for Part A was presented and the following remit for Part B of this review was agreed:

Aim

2. To examine how the Council can fund the PFI and gain an understanding of the alleged financial loss to the council caused by delays in the procurement process since 2003.

Objectives

3. The above aims to be achieved through the following objectives:
 - A. To examine the financial information that was provided to Urgency Committee in September 2006 including the key financial risks highlighted within the report
 - B. To investigate the figures included in the report which advised Members to go ahead with the PFI approach to Highways Maintenance Procurement
 - C. To compare the actual cost to the Council since 2003 in respect of Highways procurement to the costs originally included in the Best Value Review of 2001
4. In 2001 when the Best Value Review was originally considered, 7 proposals were made and a decision was taken to implement the following 2 options:
 - Option 1 - To improve the efficiency of the current system
 - Option 2 - Change the basis of contractual arrangements and extend the scope of the mixed economy of service provision that currently exists

5. In order to achieve these options, 11 improvement objectives were identified:
- Produce a Highways Maintenance Management Plan.
 - Review the current approach to managing and planning the service.
 - Develop an operating culture of 'Right First Time'.
 - Increase the customer orientation of the service.
 - Improve the quality of financial information.
 - Further improve the efficiency and effectiveness of staff who deliver the service.
 - Develop procurement practices and partnership working.
 - Review the remit of the Highways Maintenance Service.
 - Raise the profile and understanding of the service and develop understanding of customer needs.
 - Increase the quality of the finished product delivered.
 - Further increase and improve knowledge of the highway asset.

Consultation

6. This review was progressed in consultation with the Assistant Director of City Development & Transport and other key officers in City Strategy.

Objectives A & B

To examine the financial information that was provided to Urgency Committee in September 2006 including the key financial risks highlighted within the report

To investigate the figures included in the report which advised Members to go ahead with the PFI approach to Highways Maintenance Procurement

Information Gathered

7. At a meeting in June 2007, officers provided detailed information (see Annex A) on the following:
- Clarification on the outcome of the Best Value Review (BVR)
 - Table showing the cashable efficiencies gained as a result of the BVR
 - Budgets for highways maintenance from 2002 to 2007
 - Comparison of the staffing resources of 2004 and 2007, associated with the provision of highway maintenance
8. This together with the financial information previously presented to Urgency Committee in September 2006 (see Annex B), was used to support Members during their investigation of the first two objectives of this review.
9. In October 2007, Members received information on work which was ongoing to benchmark the whole of the Highways Maintenance Service (see Annex C) together with a verbal update in relation to the Council's Expression of Interest (EOI).

Issues Arising

10. The Committee were informed that a new local Liaison Officer had been appointed by the Department for Transport (DfT), and a number of meetings had been held to discuss some of the issues that the Council faced. It was made clear to the Committee that should City of York Council's EOI be successful and if a decision was taken to continue, there would be a significant risk attached to the procurement process.

Objective C

To compare the actual cost to the Council since 2003 in respect of Highways procurement to the costs originally included in the Best Value Review of 2001

Information Gathered

11. The Committee recognised that it has taken longer than expected to implement the Highways Maintenance Procurement and the PFI Expression of Interest process identified in the Best Value Review of 2001. In order to identify whether the timescale involved had adversely affected the cost to the Council and resulted in the actual cost being over and above that which was originally included in the Best Value Review of 2001, Members were provided with information on the timeline of decisions together with a summary of the reports and minutes (see Annex D).
12. Members also received information on the outcome of the Best Value Review objectives which highlighted the extent to which each objective had been delivered (see Annex E).

Issues Arising

13. Having considered all the information provided the Committee agreed that their fundamental concern was the time taken to realise the savings identified as part of the Best Value Review. The Committee raised a number of questions and were informed by officers that:
 - On conclusion of the review there had been no available funding to appoint a Project Manager. The lack of a Project Manager did not have a significant effect on paying back the Venture Fund but was significant in relation to other issues.
 - In terms of the internal management of the Highways Maintenance Procurement Process the designated lead Officer was the head of Highways and Street Operations, and progress of the implementation programme was monitored by Chief Officers.
 - There was always a Head of Highways Infrastructure, but at the time in question the officer had been seconded into another post. The post was temporarily covered by Ray Chaplain and at the same time, the Directorate underwent a major restructure

- Having no permanent Section Head in Highway Infrastructure had resulted in there being limited progress made between February 2002 and June 2003.
- In April 2006 a Head of Highways infrastructure was temporarily appointed, and in June 2006 this became permanent.
- A continuous Service Improvement Plan (CSIP) was agreed and followed and progress was routinely reported on up until September 2004.
- At the time of starting to implement the CSIP, a decision was made to commence setting up a thin client approach to procurement and that problems arising from this had resulted in delays in implementing the CSIP.
- Officers would have preferred a negotiated route for procuring thin client services but on the advice of Corporate Procurement had taken a restricted route.
- As a small authority there was little flexibility to move resources around without causing knock on effects.
- Originally it was thought that a 1½ year timescale for the procurement and tender process was a reasonable timeframe but as there were certain complexities experienced regarding the way the contract would be apportioned this led to the process being delayed for over a year.
- The Best Value Review findings were not specific enough and did not indicate the way forward thus leaving much room for debate e.g. the decision on whether to retain in-house services as opposed to external services was a decision that should have been made at an earlier stage in the process. As a result, it is now known that it is advisable to define the scope of the process much earlier and not mix internal and external tenders.
- Even though all their advice was followed, at the point when the contract was ready to be signed, Procurement recommended that work be put on hold due to the perceived level of risk associated with the contract.
- Issues around the lack of resources in Corporate Procurement had since been addressed.
- In October – November 2002, Members agreed to finance a new Street Environment Service from the Venture Fund after Officers recommended that the money could be repaid from the savings made in Highways Maintenance as identified by the Best Value Review.
- It has been a long established principal of City of York Council that any savings made go back to a central pot and everybody can apply for some of that money. The monies used to set up the Street Environment Service were monies that could be realised from savings over time.
- The Directorates were very different at the time that the Street Environment Service was set up and since then there had been enormous changes including a very large departmental re-organisation.
- The total savings made in Highways Maintenance were significantly higher than those identified by the Best Value Review, but it had taken longer to realise these savings than originally expected.
- As a result it took significantly longer to repay the monies taken from the Venture Fund to finance the Street Environment Service:

Total amount borrowed		£433k
provided over 2 years:		
2003/04	£162k	
2004/05	£271k	
Payments originally scheduled over 2 years:		
2005/06	£250k	
2006/07	£183k	
Actual Payments made:		
2005/06 (from Directorate under spends)		-£80k
2006/07 (£100k from budget & £125k from capital underspend)		-£225k
		<hr/> £128k
Proposals to finish repayments are:		
2007/08		£50k
2008/09		£50k
2009/10 (will try to clear the debt in 2008/09)		£28k

14. It was recognised that in order to prevent similar problems and delays arising with any future major projects, there were a number of possible steps that could be taken:
- Resourcing of major projects be prioritised across the Authority within all relevant departments i.e. Legal, Resources and Property Services.
 - A steering group be formed, made up of Members and key Officers from relevant departments.
 - Finance be made available to appoint a Project Manager.
15. All of these steps have been allowed for within City of York Council's PFI bid, as this is the standard of working expected by the Department of Transport.

Analysis

16. As a result of all of the information provided during this review, the Committee have recognised the following:
- Since the Best Value Review of 2001 there have been major changes in direction for the Council leading to significant changes within Directorates and ultimately to the creation of the Neighbourhood Services Directorate
 - These changes have resulted in delays in implementing the actions agreed as part of the Best Value Review
 - The total savings made in Highways Maintenance since the Best Value Review are significantly higher than those identified but due to the delays, the savings have taken longer to realise

- In regard to the Venture Fund, the repayment schedule has not been adhered to and it is now expected to take 2 years longer than originally planned to repay the amount borrowed from the fund.
17. Members concluded that the changes to the Directorates were necessary to meet the demands of the City and therefore the delays in implementing the actions and repaying the fund could not be considered as unnecessary.

Options

18. Having regard to the remit for Part B of this review, Members may decide to:
- i) resolve the recommendations within this report or;
 - ii) agree some amended recommendations

Implications

19. There are no specific financial implications arising as a consequence of the recommendations made in this report. However, the PFI has significant financial implications which will be identified in future EMAP / Executive reports.
20. There are no known HR, Equalities, Legal, Crime and Disorder, ITT, Property or Other implications associated with the recommendations in this report

Risk Management

21. There are no known risks associated with the recommendations in this report.

Corporate Priorities

22. It is recognised that this review could contribute to improving 'the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces' by helping to improve the Council's procurement arrangements for highways maintenance. In rationalising our procurement arrangements, it could also help in our ambition to be clear about what we will do to meet the needs of our communities and then to deliver the best quality services that we can afford.

Recommendation

23. Having considered all the information provided within the report and annexes, Members are asked to agree with the findings of the Highways Maintenance Ad-Hoc Scrutiny Committee that:
- there has been an impact on the repayments to the Venture Fund caused by the delays in implementing the actions agreed as part of the Best Value Review
 - The delays were not unnecessary

- The total savings made in Highways Maintenance since the Best Value Review are significantly higher than those identified therefore there has been no financial loss to the council caused by the delays in the procurement process

Acknowledgements

The Ad-hoc Scrutiny Committee would like to record its thanks to the various officers who have supported part B of this review. The assistance and advice received has been appreciated, and without this support it is unlikely that the scrutiny could have been completed in the timescale. In particular thanks go to:

Damon Copperthwaite, Assistant Director (City Development & Transport)
Paul Thackray, Head of Highway Infrastructure, City Strategy

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Chief Officer Responsible for the report:

Dawn Steel
Democratic Services Manager

Interim Report Approved

Date

Wards Affected:

All

For further information please contact the author of the report

Background Papers: Final Report for Part A of this review dated 26 March 2007

Annexes:

Annex A – Outcome of Highway Maintenance Best Value Review

Annex B – Urgency Committee Report dated 5 September 2006

Annex C – Overview of Approach to Benchmarking Costs

Annex D – Table of Events in relation to Highways Maintenance Procurement & the PFI Process

Annex E - Outcomes of Best Value Improvement Objectives and Actions

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Outcome of Highway Maintenance Best Value Review

The Highway Maintenance Best Value Review of 2001 had 11 Improvement Objectives and 7 Proposals for consideration. The agreed recommendations were that Proposals 2 & 5 were accepted, namely a twin track approach to set up a Highway Improvements Team and to investigate the most effective way to procure the services.

These recommendations were followed with the setting up of the Highways Improvement Team between DEDS and CSO and with the examination of alternative procurement options, the decision to pursue an outcome based partnership approach and the procurement exercise, followed by the PFI Expression of Interest. Neither of the recommendations carried with it a definitive target to reduce costs and/or increase efficiencies but this was at the heart of both recommendations. The absence of firm financial targets makes it difficult to make comparisons with what has happened from 2003 but clearly there was a desire to meet the Council's 5 year target of 20% savings, equivalent to an annual cost saving of £220k.

Service Procurement from 2003

As Members will know the partnership procurement exercise did not result in the award of a contract in March 2006, due to risks being assessed as unacceptable. In the absence of a partnership contract, which would have encompassed a number of existing smaller contracts, these smaller contracts have been retendered. This is the case with Resurfacing and Reconstruction (R&R) works and the Street Lighting Service, retendered in 2006 and 2007 respectively. The third main element of the overall service provision is the arrangement with Neighborhood Services (NS) for the supply of routine Highway Maintenance Services, incorporating small R&R works. It is not a legal requirement to tender this work and arrangements have been made to continue the supply of these services from NS, subject to a forthcoming report to Members to demonstrate the effectiveness of these arrangements in line with the procurement strategy adopted by the Council.

It is possible that all the arrangements currently in place could continue to 2010/11 where they can then be aligned to fit in with whatever new form of procurement is decided upon. An option for the future is Highway Maintenance PFI, subject to DfT approval of the Expression of Interest, a decision to accept this PFI scheme by the Council and successful completion of the lengthy and very complex PFI process.

Demonstration of Efficiencies from 2003

Gershon efficiencies can be cashable and non-cashable. A recently produced Local Highway Efficiency Toolkit, to demonstrate how savings should be calculated, is available on the following website www.rcoe.gov.uk/rce/aio/31679

This can be used to examine efficiencies over any period of time and staff are currently doing this for the period 2003 to 2007. The toolkit allows us to calculate efficiencies in terms of cashable and non-cashable savings. It provides quite simple Quality Cross Checks to ensure that we only use efficiencies that result in the same, or increased, levels of service. It is, however, a time consuming process and with the limited staff resources available it is not expected that the outcome of this exercise will be available for the meeting on 20 June 2007.

However to give Members an indication of the types of efficiencies improvements that have been obtained since 2003, by a variety of means, the following may be helpful. It is a non-exhaustive list a cashable efficiency improvements that have been introduced since 2003. The exact amounts are often difficult to determine, other than in approximate terms, and this approach has been used.

Efficiency Improvement Table

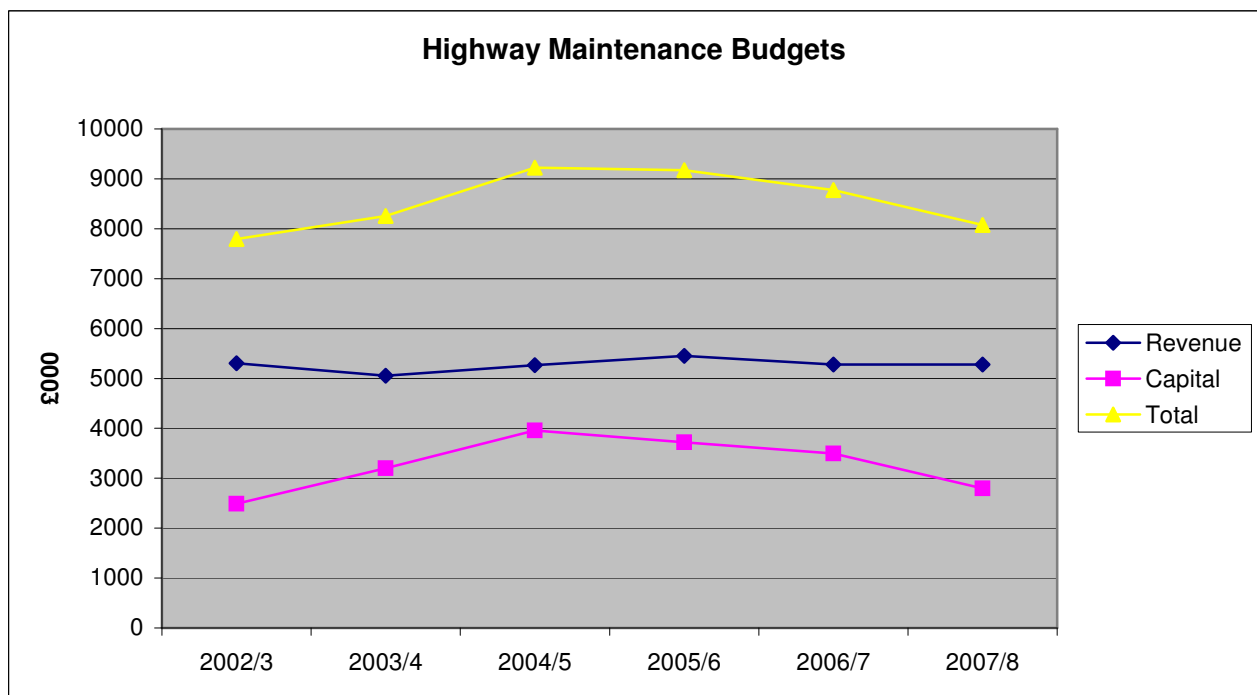
Examples of Cashable Efficiency - through improvement in cost	Estimated Cashable Efficiency (£k) in 2007	Comment
Design, manage and build approach to small R&R schemes (NS)	55 recurring	Total package of works provided by NS. Schemes design on a 'fit for purpose' basis
Savings on public liability claims through improved safety inspections and robust defense (HI & NS)	150 recurring	Very high levels of repudiation due to systems in use – such as the efficiencies due to Driver + Inspector operation meaning that more is inspected.
Energy procurement savings from 2006 supply arrangement (HI)	255 recurring to end of present contract	A revised procurement of 'green' energy produced savings on the budgets through to Oct 2008
Works programme efficiencies	75	Dependent on savings made possible through provision of a <u>full</u> works programme enabling efficient employment of staff and resources in NS
Possible savings on inflation if the Roadcon indices used in the 'Efficiency Toolkit' is higher than that actually used on the term maintenance contract (HI & NS)	??	(details being obtained)
Recovery of maintenance costs from third parties (HI)	20 recurring	Staff have developed improved systems and are being more successful in the recovery of money
CVI and DVI inspections carried out in-house (HI)	10 recurring	Staff have been trained to do this work and outcomes are consistent. Experience of outsourcing the work is that quality is poor or variable.
Area working (NS)	200 recurring non-cashable saving providing increased efficiency	By marking up work that is likely to breach intervention levels within 6 months and working on an area by area basis we have been able to carry out 30% more work for the same money
Savings on the use of Safecoat (HI)	50 recurring	This material has saved money and is less harmful to the environment
R&R scheme savings from	350 in 2007 but	The latest contract with Tarmac has

2006 procurement [net savings taking into account increases on SD and SS schemes] (HI & EC)	this depends on the size of the budget and the mixture of the works	produced typical savings of 29% on R&R schemes but an increase in costs on surface dressing and slurry seal works
Saving from 2007 procurement for street lighting (HI)	70 recurring to the end of the contract	The recent procurement has produced savings and has introduced efficiencies through improved routine maintenance
Gully cleaning efficiency due to 'Thursday' cleans (HI & NS)	10 recurring	Rather than have a reactive gully cleaning service that is inefficient, reactive cleans are now programmed for Thursdays each week (this excludes emergencies).
Total of estimated cashable efficiency improvements listed above	1,245	BVR sought savings of £1,100K in first 5 years (2006/7) . There are expected to be other savings and efficiencies, mainly the non-cashable sort, that may be identified in the work being done on the Local Highway Efficiency Toolkit exercise.

There was a requirement for the highway maintenance budgets to repay to the venture fund the sum of £377k to cover the costs of setting up the Street Environment Service and servicing the loan, which was taken out of the highway maintenance base budget.

Highway Maintenance Budgets

The graph below shows the budgets for the revenue and capital elements of highway maintenance over the period 2002/03 to 2006/07.



Notes

1. The revenue budget is the net figure covering a combination of service costs, recharges, income, staff and support service costs.
2. The revenue budget is under considerable pressure, it is not keeping pace with inflation or with the ever increasing size of the highway asset, for example if inflation is assumed to be 2.5% per year from 2002/03, the budget in 2007/08 should be approximately £5900k rather than £5276k.
3. Capital funding is subject to variation due to the effects of Prudential borrowing since 2003/04, the amount of structural maintenance funding in the LTP and the varying level capital receipts available to the Council.
4. The cost of the procurement exercise, that took place in 2004/05 and 2005/06, was £160k. This covers the cost of dedicated staff and advisers as well as other miscellaneous costs associated with the procurement. It is not included in the revenue budgets in the graph.
5. Customer satisfaction and highway surface conditions have generally improved over the period, as measured by the various PIs.

Comparison of CYC staff numbers delivering the highway maintenance service 2003 to 2007

The staffing, associated with the provision of the highway maintenance service within the various teams in the Highway Infrastructure Section, are shown in the table below:

Post/Team	2003 staff numbers	2007 staff numbers
Section Head	1	1
Maintenance Manager	1	1
Post/Team	2003 staff numbers	2007 staff numbers
Maintenance Team	9	7 + 1 Driver -2 Eng Tech - 1 Tech Clerk
NRSWA Team	4	4
Street Lighting Team	2	2
Support Team	5	3.5 -1 PO, - 0.5 T.Clerk
Asset Manager	1	1
Asset Management Team	3	2.5 -1 Eng Tech + 0.5 Exor Dev Officer
Total	26	22

The change in staff over the period is due to the efficiency effects of restructures, budget savings and growth. It represents a reduction of 15.4%. The main staff changes over the 4 year period are:

Increases in staff numbers	Decreases in staff numbers
1 no. Safety Inspection Driver	1.5 no. Technical Clerks
1no.Exor Development Officer (50% of time spent on highway maintenance)	3 no. Engineering Technicians (Inspectors) 1 no. Principal Officer (Support Team)

In addition to the above a Procurement Manager was employed on a temporary contract basis for 2.5 years (July 2004 to February 2007) to assist mainly with the partnership procurement exercise and the PFI Expression of Interest.

The Exor Development Officer post is part of the Asset Management Team but this post supports the use of Exor across a range of Teams within various Directorates and is not totally involved in the highway maintenance service. Only 50% of this post has therefore been included in the figures above.

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Urgency Committee

5 September 2006

Report of the Director of City Strategy

Highway Services – PFI Option

Summary

1. This report is an item for consideration by the Urgency Committee. The reason for bringing this report at this time is due to the limited timescales available for the investigation of a PFI option and the preparation of an expression of interest for submission to the DfT by 10 September 2006.
2. This report advises on progress with the preparation pathfinder of the highway maintenance private finance initiative (PFI) Expression of Interest (EOI). It provides information on the key benefits and drawbacks associated with this project and recommends that subject to a manageable affordability gap being achieved, officers are delegated authority to submit the EOI to DfT by 10 September 2006.

Background

3. The previous procurement process reached the stage of Members appointing a preferred provider. The procurement was delayed in February 2006 to enable other options to be considered.
4. City Strategy is investigating a number of strategic options for the delivery of highways services and also the delivery of projects identified in the Local Transport Plan and other construction related initiatives. The options provided for consideration by the Executive on 2 May 2006 were:
 - A: Complete the current procurement for both parts of the service.
 - B: Abandon the current procurement and submit an EOI to the Department for Transport (DfT) for pathfinder status in Highways Management PFI.
 - C: Abandon the current procurement and retender an extended scoped package.
 - D: Abandon the current procurement and retender on the basis of a package of services under a term contract with an in-house client in the event that options B and C are unsuccessful.

Members agreed that the options B and C could be considered in the first instance to determine their suitability as an alternative to the previous procurement.

5. At the meeting of the Executive on 11 July 2006 it was agreed that a management and reporting structure should be put together including a Project Board and Member Steering Group to manage the procurement process. It also made provision for a report to be brought to this committee immediately prior to submitting PFI Expression of Interest so that Members could be advised of the progress in developing the project and seek their approval for submission.
6. The highway maintenance PFI project being offered by DfT has a total of £600 million in PFI credits and they are seeking schemes that provide “path finder” status. Our investigation has revealed that 10 to 12 authorities may be interested in the submission of an EOI. However our advisers think that a submission by the Council will have a better than average expectation of success and this is potentially excellent opportunity to achieve a level of investment that will make a significant improvement on the standard of the highway infrastructure.
7. By mid June financial and technical advisers had been procured and appointed, Deloitte and Halcrow respectively. Both of these organisations have considerable experience with PFI schemes and one of the few organisations that also have experience with the very limited amount of work already done with highway maintenance PFI projects.
8. Between the appointment of our advisers and the present time the following has been achieved, even though the timescales have been limited.
 - Discussions with 4P's (an advisory body to local government) have taken place to seek their advice on the approach to the project.
 - Discussions with DfT about content and format of the project and the EOI.
 - Soft market testing with 3 potential contractors/providers so that they assess the level of interest in a project and take their comments into account when developing the EOI.
 - Workshops with staff and advisers to determine.
 - Scope and content of the bid
 - Options and qualitative analysis
 - Explored the project and compare objections
 - Consider the financial implications of the project
 - Advised staff of progress through briefing notes and team briefs.

- Preliminary meetings with unions to advise on progress and seek their initial comments.
- Formatting and analysis a considerable amount of information in relation to the size and condition of the asset, to enable preparation of the cost elements of the financial model.
- Analysis of the highway maintenance backlog in a fundamentally different way based on a whole life approach as opposed to a budget led approach.
- The preparation of a draft EOI.

Expression of Interest

9. The draft EOI is in the final stages of preparation and will be available to send to DfT if a decision is made to submit. The content of the EOI is extensive, even though it is only a 10-page document, with supporting information allowed. The main content of the EOI is described in the following paragraphs.
10. The EOI sets the context of highway maintenance and traffic management assets in a regional and local significance. The importance of having well maintained assets that support social, environmental and economic factors is vital. Clearly the assets are part of and underpin the public transport systems of the City that provide accessibility for business, residents and visitors who use them. The EOI draws together the connections between the standard of the asset and the support which they give.
11. A description of the project is provided demonstrating how it flows from the overall objectives of the Council and how the project's design and implementation will deliver the benefits necessary to contribute towards achievement of these objectives. The description of the project will provide information about the scope of the services and the options considered.
12. The EOI will show how an options appraisal, in both qualitative and quantitative terms, allowed the preferred option to be identified. The way in which this preferred option fulfils the needs of the project will be clearly identified as well as being able to demonstrate value for money in accordance with Treasury Guidance.
13. A section in the EOI will give an early indication of the major risks that might affect the proposals and any mitigating actions or contingency to reduce these risks. The strategy for consulting stakeholders, including employees and trade unions, will be provided, including actions taken so far. Political and financial commitment to the project will be clearly demonstrated.
14. Project management capabilities and PFI experience within the Council will be demonstrated through the successful 'Schools PFI' and the work carried out to date on the waste management PFI project. The commitment to

provide adequate procurement funds to enable the project management team to obtain all the external professional assistance necessary will also be highlighted.

15. Due to the whole life costing approach, R & R schemes, for example, carried out under the PFI project would be designed to ensure maximum life expectancy, so that little or no further work is needed over the life of the PFI. The same approach would apply to structures and streetlights and this is significantly different to the current budget led approach.

Scope of the Project

16. There are six options being considered for the expression of interest. These are:-

- Option 1 – Do minimum
- Option 2 – Highway Maintenance, Management and Works
- Option 3 – Highway Maintenance, Management and Works and Traffic Management Infrastructure Works.
- Option 4 – Highway Maintenance, Management and Works and Street Cleansing Operations.
- Option 5 – Highway Maintenance, Management and Works and Traffic Management Infrastructure Works and Street Cleansing Operations.
- Option 6 – Highway Maintenance, Management and Works with limited life cycle works.

Following the qualitative evaluation of these six options, 2, 3 and 5 were selected as the ones for financial assessment and of those option 5 was selected as the preferred option.

- 17 In addition this option provides the best solution in terms of addressing the key objectives regionally, locally and for public transport. It also meets the specific objectives in relation to highway maintenance and to traffic management. The fit with street cleansing operations is problematic in so far as to extract it from the “street scene” services would leave it vulnerable to economics of scale. The budgets for highway maintenance and traffic management for 2006/07 are made up as follows:

CYC revenue	£5366k
CYC capital	£2325k
LTP capital	£1386k
 Total	 £9077k

This option gives the best value for money solution based upon the qualitative and quantitative scoring.

Quantitative and Qualitative Scoring

18. The proposed preferred option includes all those areas of service included in Annex 1. The table below contains a comparison between the extent of the service provided at present against those services anticipated under the PFI arrangement.

	Typical annual existing R&R treatment lengths (2006/07)	Typical annual PFI treatment lengths during the core investment period to rehabilitate the network.
A class carriageways	2.3 km	8.0 km
B + C class carriageways	1.7 km	10.2 km
Unclassified carriageways	3.9 km	21.2 km
Footway	13.6 km	40.0 km

In terms of street lighting, the annual programme allows 80 streetlights to be replaced. Under the PFI proposal, 90% of streetlights would be replaced over the life of the PFI at an average of 600 per year, but with the majority of this being in the core investment period.

19. In terms of financial investment the PFI arrangement is projected to deliver: -

	£ million
• Investment, mainly in surfaces, structures and streetlights over the 5 year CIP	121
• Life cycle costs in years 6 to 25	174
• Operation and maintenance costs in years 1 to 25	116
• Service and management costs in years 1 to 25	108
Total	519

20. Any future PFI arrangement will be with a specialist contractor/provider who will enter into a long term contract of 25 years. In the first 5 years there will be a significantly large investment into the asset and then a further 20 years in which the asset will be maintained to an agreed standard for handover back to the Council at the end of the period.
21. The contract will be a negotiated arrangement based upon the Council's requirements, objectives and output based specification. The quality of the work will be agreed with the contractor before the contract is signed as well as the method of payment. Contracts and payment methods are being standardised by the DfT, however this is a pathfinder project and they will be seeking innovative approach to the way that the contract is prepared.
22. A key theme for the Council's requirements is that sustainability should impact on all areas of the service and bidders for the contract will be required

to demonstrate how they intend to achieve this. In particular there will be a requirement for a sustainable approach both to the provision of energy and the equipment used in street lighting.

23. Quality and management of the service during the contract period will be monitored by a client side which will act in partnership with the provider. However the client size will be sufficient to ensure that standards are being achieved and quality maintained.
24. No other form of funding, other than PFI, can deliver this level of investment and improvement in the condition of the highway network. In the absence of a PFI scheme, there will be a gradual deterioration in the condition of the infrastructure until some other form of capital investment is obtained. The submission of an EOI is a unique opportunity for the City's benefit from a major capital investment which will maintain the highway to a much higher standard than could be achieved by any other means.

Key Financial Information

25. We are advised that the cost of procurement could be as high as £2.5 million over a 3½ year procurement period. This cost can be incorporated into the scheme but there is the risk if the PFI scheme does not reach financial closure then the Council will have to fund this cost. The £2.5m would be in a payment to the Council on contract signature.
26. There is a limited number of PFI credits available and a high level of competition from other local authorities is expected. The advice we are receiving is that the bid needs to be as financially attractive as possible. The two main ways of achieving this are through an additional financial commitment by the Council, over an above existing budgets, and by attempting to keep the PFI credit requirement below the £300 million level if possible.
27. A number of iterations of the financial model have already taken place to refine it, both in terms of cost input and affordability modelling. Further work is ongoing but our advisers believe that the criteria set out for making the bid attractive to DfT can be met. The up to date position on this will be provided at the meeting.
28. A simplified way of understanding how the Annual unitary charge is met is shown in the table below. The Annual Unitary charge is the payment made to the contractor/provider each year by monthly instalments.

Annual Unitary Charge = Correct budgets of £9.077m
 + The revenue value of the PFI credits
 + Any affordability Gap which may develop

29. The current budgets for highway maintenance are under pressure and these are expected to reduce by say £1.5 million prior to the start of the PFI project

in April 2010. This is due to a downturn in the availability of CYC capital (£1 million) and the termination of Prudential borrowing (£0.5 million). This anticipated reduction in the current budget would have to be found by other means to provide budgets at 2006/07 levels from April 2010, as well as any requirement to fund an affordability gap.

Risks

30. The key risks have been identified as follows:-

Financial

- funding any affordability gap which may develop as the project progresses.
- maintaining current budgets at 2006/07 levels (plus inflation)
- the assumptions used in the model may change in relation to the cost of finance or the net present value
- the cost of procurement may change as the project develops.
- the potential cost associated with changes over the life of the contract that may be due to changes in inflation or employers requirements.

Reputational

- DfT require extensive commitment to a scheme if an EOI is submitted.
- Trade unions – meetings have been held with unions at which they have expressed considerable concern and opposition to this PFI proposal.
- Staff would be subject to change and possible transfer to the new provider resulting in poor staff morale.
- Media may have concerns about the PFI arrangements and the implications.

Time

- If the EOI is not successful then 4 months will have elapsed between September 2006 and January 2007, when the decision is published, resulting in delays to any alternative procurement option.

Proposal

31. The investigation of the PFI alternative for procurement of highway maintenance has been carried out within very short timescales. Progress has been good and an EOI can be submitted by 10 September 2006 if Members agree to do so. The submission would not necessarily commit the Council to proceeding to the next stage if circumstances changed and the project became unviable.

Corporate Objectives

- 32 The highway service procurement will be a key delivery agent for many of the corporate aims over a 25 year period. The EOI document emphasises the links between this PFI project and the Council's corporate objectives.

Corporate Aim 1: (Environment) Take Pride in the City, by improving quality and sustainability, creating a clean and safe environment.

Specific Objectives:

- 1.1 Increase resident satisfaction and pride with their local neighbourhoods.
- 1.2 Protect and enhance the built and green environment that makes York unique.
- 1.3 Make getting around York easier, more reliable and less damaging to the environment.

Corporate Aim 3: (Economy) Strengthen and diversify York's economy and improve employment opportunities for residents.

Not directly relevant to any of the specific objectives, but good quality highway infrastructure is vital to the local economy.

Corporate Aim 4: (Safer City) Create a safe City through transparent partnership working with other agencies and the local community.

Specific objective:

- 4.7 Make York's roads safer for all types of user.

Corporate Aim 8: (Corporate Health) Transform City of York Council into an excellent customer-focused "can-do" authority.

Specific Objective:

- 8.9 Manage the Council's property, IT and other assets on behalf of York residents.

Human Resources (HR) Implications

- 33 The communication strategy, agreed by the Project Board, is being implemented with staff and unions being informed about the scale of this PFI project and its potential implications. The next milestone in this process is the submission, or otherwise, of the EOI and this will be communicated as soon as possible, in a coordinated manner to all staff potentially affected.
- 34 At a meeting with union representatives, where the possibility of a PFI project was raised, there was opposition to the principle of PFI and it is anticipated that this level of concern from unions and staff will be an ongoing issue. The numbers of staff potentially transferred by this proposal are about 60 and

include external staff from Amey (Street Lighting). All those staff would be protected under the TUPE regulations.

Equalities Implications

35. There are no equalities implications.

Legal Implications

36. There are no direct legal implications arising from this report. Legal advisers will be required if the PFI procurement route is pursued and this is also the case, but to a lesser extent, if an alternative procurement route is chosen.

Crime and Disorder Implications

37. There are no crime and disorder implications.

Information Technology (IT) Implications

38. There are no information technology implications.

Property

39. There are no property implications.

Other

40. There are no other implications.

Risk Management

41. The agreement by Members to the setting up of reporting procedures to enable the procurement of a complex and inter-related grouping of services to go ahead in a structured manner will provide considerable assistance in managing risk.
42. In compliance with the Councils risk management strategy the main risks that have been identified in this report are those which could lead to the inability to meet business objectives (Strategic) and to deliver services (operational), leading to financial loss (Financial), non-compliance with legislation (Legal and Regulatory), damage to the Council's image and reputation and failure to meet stakeholders expectations (Governance).
43. Measured in terms of impact and likelihood, the risk score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored.

Recommendations

- 44 Members note that the outcome of the extensive investigation into a PFI option to provide highway maintenance services in the future.

Reason: To comply with the approval given in the Executive Report of the 2 May 2006.

- 45 To approve the submission of a PFI Expression of Interest for Pathfinder Project the DfT for highway maintenance management and works with Traffic Management Infrastructure works subject to acceptable financial proposals being provided at the meeting.

Reason: To take advantage of the opportunity to obtain additional funding and a service provider for highway maintenance and traffic management service.

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Bill Woolley
Director of City Strategy

Report Approved Date 1 September 2006

Damon Copperthwaite
Acting Assistant Director City Strategy

Report Approved Date 1 September 2006

Specialist Implications Officer(s) List information for all

Implication - Financial
 Name: Simon Wiles
 Title: Director of Resources
 Tel No. 01904 551100

Wards Affected: No wards specifically affected

All

For further information please contact the author of the report

Background Papers:

Highway Services – report to the Executive on 2 May 2006
 Highway Services – report to the Executive on 11 July 2006

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URGENCY COMMITTEE - 5 SEPTEMBER 2006

EXPRESSION OF INTEREST

HEADLINE FIGURES FROM FINANCIAL MODEL

- Unitary Charge = £20.5m first year → £33.6m in 1st five years
- PFI credits = £305m
£597m of cash = £23.9m/year
- Contract Value = £1b
- Sinking Fund Surplus over 6 years (first year) = £10m + £3.4m = £13.4m
 - ↑ budgets
 - ↑ credits
- Budget = Works £9.1m
Insurance £0.4m
Advertise £0.1m
Additional £0.45m
Contribution
£10.05 / year

Overview of Approach to Benchmarking Costs

Background

Benchmarking of Neighbourhood Services (NS) costs is required to provide the Highways Maintenance Scrutiny Committee with information. It is also required to assist in examining the proposals to continue the further provision of these services via NS using a service level agreement (subject to a decision by Members).

Obtaining reliable cost comparisons is known to be difficult and this overview report demonstrates the lengths that officers have gone to, to try to obtain this information.

Comparison of costs using the 2005 procurement

As part of the procurement approach, recommended by the Best Value Review, NS took part in an exercise to benchmark their costs in July 2005. The exercise produced indicative costs from 5 external short listed organisations, as well as NS. A total of 24 items were priced and the comparison shows that when all the relevant factors are taken into consideration, NS was competitive and there was no financial advantage in moving from NS to a different provider for these particular services. More information is provided at (1).

Examination of performance indicators available from the National Highways Benchmarking Club (NHMBC)

This benchmarking club has 38 members and includes local authorities as well as a range of contracting organisations working for local authorities. A wide range of performance indicator information exists but it is focussed on satisfaction with quality and predictability of price rather than on maintaining a database of typical costs for individual rates.

Discussions with the benchmarking club representatives took place to try to determine if their data could be used for our specific benchmarking purposes but with no success. Club members use the information to build up an ongoing profile of their performance against others in the club and as such it does help to indicate when performance against others is not positive. The club does not believe that costs can be reliably compared and therefore doesn't see the benefit of trying to do so when contract arrangements vary so much these days. Partnership contracts and open book accounting no longer result in priced bills of quantities to the same extent as in the past. There are also wide geographical variations as well as the uncertainties in the way overheads have been included etc.

Whilst membership of the NHMBC may be something to consider it will not result in direct cost comparisons and could not be used in this benchmarking exercise.

Benchmarking survey with a number of local authorities in the Yorkshire and the Humber region

A list of 23 items for benchmarking was jointly agreed between City Strategy (CS) and NS and this was circulated to nine local authorities that we have regular contact with via highway asset management in the Yorkshire and Humber region.

Two authorities showed an interest in benchmarking with us but in the end, despite repeat requests for information, nothing was forthcoming. It was unfortunate that within a short space of time of sending out the request, the late June and early July flooding events affected many parts of the region and it is likely that staff had more important things to deal with than our request for information. Evidence from a similar exercise that NS attempted a little while ago, in a different subject area, resulted in a similar lack of response.

The end result is that despite attempts we were not able to benchmark locally using this approach.

Benchmarking using Accord

Accord is a contracting organisation supplying a wide range of services to central and local government. Accord was approached, through contacts at the NHMBC, to carry out a simple low cost exercise to benchmark NS in terms of typical outputs that should be expected for each of the items of work.

These outputs produce unit rates and when these were compared against those in current use with NS, the comparison showed that the rates in use are lower than those derived from the output quantities in most cases. In other words NS rates appear to be competitive in terms of their efficiencies as a result of this benchmarking exercise.

Accord has also supplied some indicative unit costs for our assistance but did this as a separate exercise to the report they produced. Accord was keen to stress that these costs should be used carefully for comparison purposes, as they may not be representative of the situation in York. Further information on this benchmarking exercise is included in (2) but the exercise showed that the rates used by NS are close to those supplied, and generally are slightly less expensive; confirming the view from the 'output' comparison, that the NS rates are competitive.

Benchmarking with the two local authorities adjacent to City of York Council

One of the variables that can affect benchmarking of costs is the peculiarities of any given locality. To try to overcome this factor a more personal approach was made to the two local authorities on our boundary, namely, North Yorkshire County Council (NYCC) and East Riding of Yorkshire Council (ERYC). Representatives from both authorities agreed to meet to discuss benchmarking. These meetings have taken place the discussions indicated that costs were similar, although differences in the item coverage for the rates being compared complicated matters. Both authorities agreed to carry out further benchmarking.

In the case of NYCC, the representative agreed to price up a footway resurfacing scheme to enable a sample of the small scale R&R programme to be

benchmarked for costs. In the case of ERYC the representative agreed to look further at benchmarking the routine maintenance rates. It is unlikely that the outcome of this further work will be available for the meeting but a verbal report will be provided. More information on the benchmarking with NYCC and ERYC is included in (3).

Outcome of the various benchmarking exercises

Benchmarking is difficult to carry out but the work undertaken does demonstrate that costs charged by NS are competitive when compared to both external contracting organisations and other local authority in-house suppliers. There is also evidence that the efficiencies being achieved are competitive.

(1) Comparison of rates supplied by Neighbourhood Services as part of the procurement exercise in 2005

The procurement was split into two parts, with the works traditionally undertaken by Neighbourhood Services (NS) included in Part B of the contract. Part A included works not traditionally carried out by NS, mainly street lighting, carriageway R&R schemes, surface dressing, footway slurry sealing etc.

The costing exercise in the tender was essentially to obtain indicative costs, as the contract was intended to be outcome based, using open book accounting with a financial incentive system to share 'pain' and 'gain'.

There were five external organisations in this tender process and they were all interested in obtaining Part A and Part B works. The indicative costs were based on the fact they would be awarded work in one of the following ways:

- Part A only
- Part A + B

When the external organisations provided indicative costs for Part B it is certain that some of the overheads would already have been covered in Part A and this could therefore appear to make NS indicative costs look more expensive (as NS was providing costs as a means to benchmark its services but without the facility to offset some overheads into Part A works).

The results of this exercise are as follows:

Comparison of the rates submitted by NS, to those rates in use at the time in connection with the ongoing term maintenance contract, showed a very close similarity. As a result of this, the exercise produces an indication of the value for money of costs at that time when compared to the rates submitted by external organisations.

Costs were obtained for a sample of 24 well used items. This information allowed costs to be estimated for a significant proportion of the services in part B of the contract.

NS was positioned 4th out of 6 and their costs were the closest of any organisation to the average figure, even when the least and most expensive were removed from the exercise. NS was 4.0% more expensive than the average cost.

This showed that NS were in the same price range as a sample of 5 good quality external organisations and were in fact less expensive than 2 of them.

Other factors

Had the exercise been taken further then it would have been necessary to introduce other factors into the financial assessment to obtain the greatest understanding of the implications of potential outsourcing of the civil engineering section of NS. This assessment would have considered loss of profit to the council, under recovery of central and departmental overheads, costs associated with TUPE and pensions as well as the impact on other services such as the vehicle fleet maintenance contract, Street Scene and Street Environment etc.

Whilst this exercise was never brought to a detailed conclusion, it was clear from the work undertaken that there was little to be gained, financially, from alterations to the present arrangements of the works in Part B of the contract. The main savings were in Part A and this was later confirmed again through the savings obtained in the following year (2006) with the R&R surfacing contract being awarded to Tarmac on a much improved financial basis from the Council's point of view.

(2) Benchmarking of Neighbourhood Services costs by Accord

Background to Accord

Accord provides an extensive range of highways and structures maintenance and improvement services, working for a number of local authorities, Transport for London and the Highways Agency.

Highways services represents a core area of business for Accord and it is one of the top suppliers of term maintenance services to county councils and the Highways Agency. The Accord service offering has been developed with the aim of providing single-point responsibility for a wide range of activities.

Service offering includes:

- Carriageway and footway surfacing and construction
- Network management
- 24 hour incident support
- Footway maintenance and construction

- Maintenance and construction of bridges and structures
- Surface dressing
- Road marking
- Safety fencing
- Traffic signs
- Drainage works
- Gully emptying
- Grass cutting
- Weed control
- Grounds maintenance
- Winter maintenance e.g. snow clearance and precautionary salting
- Fleet management and maintenance
- Co-ordinated passenger transportation
- Asset management

Current clients include:

- Anglesey County Council
- Caerphilly County Borough Council
- Cardiff Council
- Crawley Borough Council
- Highways Agency
- London Borough of Camden
- London Borough of Harrow
- London Borough of Hillingdon
- Newport City Council
- Oxfordshire County Council
- Shropshire County Council
- Southampton University
- Staffordshire County Council
- Telford & Wrekin Council
- Transport for London
- Torfaen County Borough Council
- Vale of Glamorgan Council
- Warrington Borough Council
- West Sussex County Council

Benchmarking approach

The Divisional Director involved with this project arranged for the Accord estimating department to produce the typical outputs they would expect a competitive organisation to deliver, in terms of the quantities of labour, items of plant and all the different materials, for each of the 23 items supplied to them. This information can then be used to input costs and determine whether or not the rates are in line with those currently being used, and by implication in line with the output productivity that should be expected from a competitive organisation.

The information obtained from this exercise showed that overall the existing NS costs are lower than those produced using the typical outputs, provided by Accord, for a competitive organisation. Using the 16 most comparable

rates this indicates that NS average costs are 10.4% lower than those calculated from the outputs. This should be taken as an indication that NS costs are competitive, rather than the extent to which they are competitive due to the assumptions in the calculations.

Accord was keen to point out that any approach to benchmarking costs needs to carry a significant warning that comparisons can be misleading. Contractors build up their costs in different ways, taking into consideration different levels of overhead provisions. Other factors play an important part such as the availability of skilled labour, the local cost of labour, plant and materials and the life of the project over which set-up costs can be spread.

With this in mind Accord did not feel it appropriate to provide typical costs for the 23 items in their report but they did agree to verbally provide this information, based on 'normal' overheads, providing the 'health warning' about cost variations was applied to it.

This showed that a small number of the rate comparisons were clearly not based on the same things and not comparable. An overall comparison of 20 costs indicates that NS existing costs are very similar to the typical costs provided by Accord being 4.7% less expensive. However, based on the basket of 16 rates that are suitable for comparison of Outputs, NS is 1.3% more expensive than Accord's typical costs.

(3) Benchmarking with the two local authorities adjacent to City of York Council

Representatives from NYCC and ERYC agreed to meet with CYC officers to discuss benchmarking and their approach to service delivery.

Comparison with NYCC

NYCC outsourced its consultancy and its Direct Service Organisation some years ago and has term maintenance contract arrangements for these services. It needs to operate a relatively large client base, partly because of the contract arrangements in place and partly because of the geographical nature of North Yorkshire.

Comparison of basic maintenance costs proved to be difficult because of the way these were built up and the uncertainties that like-for-like comparisons were being made.

Bearing in mind that the Accord exercise had produced comparisons for a reasonable number of typical basic maintenance items, it was agreed that a more sensible approach to benchmarking would be to price up a small footway R&R scheme to see how costs compared on specific scheme. A scheme in this years programme has been sent for indicative pricing and the

results are awaited. If an update is available it will be provided verbally at the meeting.

Comparison with ERYC

ERYC do not have a 'client', 'contractor' split and as a result officers adopt a 'twin-hatted' approach. They still have an in-house supply capability for routine highway maintenance but it is fairly limited and is enhanced as necessary from a framework contract for labour. ERYC favour the framework contract arrangement and also use it to obtain contractors for their R&R schemes.

Routine maintenance tends to be provided on a dayworks basis, as the works are small scale and usually undertaken in less than a two day period. The labour rate is a critical element in dayworks and a comparison of CYC and ERYC labour rates revealed that they were almost identical.

ERYC agreed to carry out some further works on benchmarking of routine maintenance items but the results are not expected prior to the meeting.

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Table of Events in relation to Highways Maintenance Procurement and the PFI Process

Date	Item
October 2001	<p data-bbox="472 389 1418 465"><i>Report to the Executive – Best Value Review of Highway Maintenance</i></p> <p data-bbox="472 501 1418 719">The Best Value Review was concluded in July 2001 A summary of the Continuous Service Improvement Plan was included. Annex B gave the principal findings and recommendations - based on the 11 Improvement Objectives identified in the BVR. Also sets out 21 improvement activities from 2001/02 to 2005/06.</p> <p data-bbox="472 754 1418 1160">Outcome: Members approved</p> <ul style="list-style-type: none"> <li data-bbox="520 790 911 826">▪ Improvement objectives <li data-bbox="520 828 963 864">▪ Implementation of the CSIP <li data-bbox="520 866 879 902">▪ Possible cost savings <li data-bbox="520 904 1418 1010">▪ Formation of a Highway Improvement Team to look at new ways of working and prepare the new contract and tender, by April 2003 <li data-bbox="520 1012 1374 1048">▪ Interim joint working arrangements between DEDS/CSO <li data-bbox="520 1050 1418 1124">▪ Research into new procurement and contract arrangements <li data-bbox="520 1126 1270 1162">▪ Provide regular updates to Members on progress
February 2002	<p data-bbox="472 1232 1134 1267">Update on Progress on 4 out of 11 Objectives.</p> <p data-bbox="472 1270 647 1305">Action Plan:</p> <ul style="list-style-type: none"> <li data-bbox="520 1308 1038 1344">▪ 1 action abandoned – no funding <li data-bbox="520 1346 1038 1382">▪ 1 action not applicable until 2006 <li data-bbox="520 1384 879 1420">▪ Progress on 7 actions <li data-bbox="520 1422 948 1458">▪ No progress on 11 actions <p data-bbox="472 1494 1418 1637">Note: There was no permanent Section Head in Highway Infrastructure from this time until June 2003, when it became Highways and Street Operations. Progress was limited as a result.</p>
October 2002	<p data-bbox="472 1711 1366 1816">Audit Commission report on the Best Value Review. Service rated as fair with uncertain prospects for improvement. Actions recommended for improvement</p>
June 2003	<p data-bbox="472 1897 1291 1933"><i>Report to EMAP Planning & Transport - Update on CSIP</i></p> <p data-bbox="472 1935 1401 1971">The report discussed Audit Commission report and CSIP to date:</p> <ul style="list-style-type: none"> <li data-bbox="520 1973 1038 2009">▪ 1 action abandoned – no funding <li data-bbox="520 2011 1038 2047">▪ 1 action not applicable until 2006

	<ul style="list-style-type: none"> ▪ Progress on 18 actions ▪ No progress on 1 action but this is discussed in the report <p>Outcome: Members agreed to revise the CSIP, in line with requirements of performance management and a standard monitoring template. CSIP revised based on 5 key initiatives</p> <ol style="list-style-type: none"> 1. Understanding customer views 2. Understanding the asset 3. Introduce a Quality Assurance System 4. Introduce a Highway Maintenance Plan 5. Analysis and procurement of revised service arrangements
July 2003	<p><i>Report to the Executive – Procurement of Services via a ‘Thin Client’</i></p> <p>Outcome: Approval of the Thin Client approach subject to further reporting Approval to the Thin Client approach in joint delivery of cleansing, grounds maintenance and street scene services, subject to certain caveats.</p>
December 2003	<p>Report to EMAP Planning & Transport - Update on CSIP Progress reported to Members since last update in June 2003</p> <p>Outcome: Members agreed to note the report</p>
March 2004	<p><i>Report to the Executive – Procurement of Highway Maintenance Services.</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Approval of temporary extension of contract arrangements for the supply of highway maintenance services ▪ Approval that the procurement of highway maintenance services should proceed on the basis of a single tender but in two parts
September 2004	<p><i>Report to EMAP Planning & Transport - Update on CSIP.</i></p> <p>This report provided an update on progress on the key initiatives but focussed mainly on customer satisfaction (the first of the key initiatives).</p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Funding to be more evenly distributed between c/way and f/way schemes ▪ Subject to various considerations the use of low cost maintenance techniques should be increased ▪ Consult on customer satisfaction with gully cleaning and surface dressing in certain urban locations (if the latter is approved in the programme of works)

	<p>Note - This was the last of the routine CSIP update reports as resources were diverted onto the procurement exercise, followed later, by the PFI Expression of Interest</p>
November 2004	<p><i>Report to the Executive – Procurement of Highway Maintenance Services.</i></p> <p>This report provided details of the procurement arrangements.</p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ The Executive endorsed the report and the progress made to date as the way in which it wishes to proceed with the Procurement of Highway Maintenance Services. ▪ The split of functions between a Thin Client and the Service Provider was approved.
March 2005	<p><i>Report to the Executive –Tendering Strategy</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Approval was given to the procurement of various traffic management maintenance contracts for CCTV, traffic signals, VMS signs etc on a separate basis.
July 2005	<p><i>Report to the Executive – Procurement of Highway Maintenance Services – Evaluation Strategy</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ The selection of the preferred contractor based on the 'most economically advantageous tender' (MEAT) proposal for the City of York Council, on a 60% quality, cultural criteria / 40% price and technical capacity basis was approved. ▪ The use of the 'restricted' tender procedure in selecting the preferred contractor was noted.
October 2005	<p><i>Report to the Executive – Procurement of Highway Maintenance Services – Post Evaluation Clarification.</i></p> <p>The Executive approved delegation of authority to hold post-evaluation clarification discussions</p>
November 2005	<p><i>Report to the Executive – Procurement of Highways Maintenance Services – Preferred and Reserve Bidder</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> ▪ Subject to the outcome of the market testing exercise on Commercial Services, the Executive agreed to nominate Alfred McAlpine Government Services as preferred bidder for Part A+B and Part A, with Amey Infrastructure Services as reserve bidder for Part A+B and Part A.

September 2006	<p>Reports to EMAP City Strategy – Transport Asset Management Plan Draft Plan outlined with request to endorse its publication Outcome: The report was approved</p>
May 2006	<p><i>Report to the Executive – Joint report of the Director of City Strategy and the Director of Resources – Highway Services Contract Report.</i> Outcome:</p> <ul style="list-style-type: none"> ▪ Approval to the short term arrangements to extend contracts. Approval to the maintenance of the current arrangements with Commercial Services (reactive and routine maintenance including small footway improvement schemes) for 12 months to maintain safety on the highway network. ▪ Approval to medium term arrangements to tender the carriageway and large footway schemes, integrated transport schemes and Ward Committee schemes for a period of 18 months starting from September 2006 extendable annually. The design and management function to remain in-house. ▪ The decision made by the corporate management team to suspend the current procurement process was approved, to allow investigation of the new emerging options to address the backlog of highway maintenance. ▪ The in-house procurement team will investigate long term options of a PFI contract and, an extended scope contract, and report back to Members with the outcome. ▪ The proposed management arrangements of a Project Board and a Steering Group were agreed. ▪ The pursuit of a further option, to develop existing arrangements, would go ahead in the event that the other two options are unsuccessful.
July 2006	<p><i>Report to the Executive – Highway Services (re PFI)</i> Outcome:</p> <ul style="list-style-type: none"> ▪ The details for the reporting and management structures were approved. ▪ The appointments to the Steering Group were approved ▪ Delegated authority was given to the Project Board and the Steering Group to submit an EOI, should this be considered appropriate, as there is insufficient time to bring a report to the Executive.

September 2006	<p>Report to the Urgency Committee – Highways Services – PFI Option.</p> <p>Outcome:</p> <p>Members noted that the outcome of the extensive investigation into a PFI option to provide highway maintenance services in the future.</p> <p>Approval was given to the submission of a PFI Expression of Interest for a Pathfinder Project to the DfT for highway maintenance management and works, with traffic management infrastructure works.</p>
September 2006	PFI Expression of Interest submitted to DfT
September 2006	<p>OIC Director – Procurement of Highway Surfaces (R&R) Works</p> <p>Outcome:</p> <p>Approval given to the lowest tender submitted by Tarmac Ltd for the term contract.</p>
April 2007	<p>OIC Director – Award of Street Lighting Contract</p> <p>Outcome:</p> <p>Approval given to the lowest tender submitted by Amey Infrastructure Services for the term contract.</p>

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Outcomes of Best Value Improvement Objectives and Actions

Improvement Action	Improvement Outcome	Extent to which the Outcome was delivered
Develop a highways maintenance strategy	<p>Inspection & Repair manual introduced in 2000 and subsequently revised with the new code of practice in 2005. Transport Asset Management Plan introduced in 2005.</p> <p>'June' surveys further developed year on year.</p> <p>PI targets set, but this presents difficulties when there are pressures on budgets and changes in the reporting of PIs.</p> <p>Sustainable street lighting strategy due to be introduced in October 2007.</p>	The strategic approach has been developed, as required, but has changed over the years to meet changing circumstances.
Set up Highway Maintenance Improvement Team (HMIT)	<p>Team set up and it initially established 'quick wins'.</p> <p>This Team evolved over time and with meetings of relevant staff now taking place on a monthly basis.</p> <p>The Team is supported with weekly meetings that concentrate on ensuring:</p> <ul style="list-style-type: none"> • smooth flow of work • design, manage and build of small R&R schemes (staff seconded from Engineering Consultancy) • area working <p>Gully cleaning has improved with regular organised road closures incorporating other maintenance works. Recycling of aggregate has improved considerably.</p> <p>NS are Quality Assured (registration in 2005) plus Striving for Excellence 2005. Schemes are coordinated properly – recent examples being:</p> <ul style="list-style-type: none"> • Strensall roundabout • Crockey Hill junction 	The Team was set up as required but has evolved over time.
Appoint Highway Maintenance	No funding was available when the growth bid was submitted. No appointment made.	This action point was not delivered

Improvement Team Project Manager		
Introduce quality assurance manager	<p>Quality Assurance Manager, for Highways and Street Operations, appointed in the DEDS reorganisation in 2003. The post holder had to concentrate initially on street scene issues, on refuse and cleansing. Subsequently, the post holder also had to be used to cover for the absence of the Highways and Street Operations back office support team leader. In 2005 the post transferred to NS with the transfer of client operations for street cleansing, refuse collection and public convenience provision. The post was then taken as a saving.</p> <p>Due to the pressures outlined with the role of the Quality Assurance Manager, it was never possible to develop the QA systems as originally intended.</p> <p>Work was carried out to process map activities, to improve QA with NS, to improve QA as part of service procurement and to assist in the 'easy' project.</p>	<p>Whilst a Quality Assurance Manager was introduced, as required, this happened late and as a result of an internal reorganisation. The QA Manager was only able to carry out some of the duties anticipated, due to other pressures and the post was deleted as a saving in 2005. The action was only delivered in part.</p>
Improve quality of the finished product	<p>Re Basic highway maintenance works with NS: A quality bonus scheme was introduced. Feedback cards, for customers, introduced. The works ordering system was reviewed and improved to create a smooth flow of work. Quality checks carried out. Inspections are accurately recorded. We have removed duplicate inspections and the system has been re-engineered to enable single self-monitoring.</p> <p>Re Street lighting contract with Amey: Works ordering has been improved. Quality is checked. weekly and monthly contract meetings improve quality.</p> <p>Re Surfacing contract with Tarmac:</p>	<p>The quality has improved as a result of a number of initiatives and the outcome has been delivered.</p>

	<p>Early Contractor involvement in each project achieves improved Method Statements and benefit is gained from practical ways of working.</p> <p>Joint meeting to agree defects correction this minimises staff costs and improves speed of any corrections</p> <p>:</p>	
Develop local KPIs and set targets	Local KPIs introduced, as set out in the City Strategy Performance Record	Completed
Undertake market research and analysis of new procurement arrangements	In 2003 considerable work was done with other Councils and with interested contractors to identify the various procurement arrangements that may have been appropriate for CYC	Action completed and outcome reported to the Executive
Review select list	All contractors must now be CHAS registered and on the Construction-line, Government backed select list. NS were reviewed and included on the select list	Action completed
Introduce Highway Management System	A comprehensive highway management system, Exor, has been introduced and is continually being enhanced.	Action completed
Review current contractual arrangements, review options available and plan introduction of new contractual arrangements	This was done from 2003 onwards re contract scope, type, term and the proposed introduction of new contractual arrangements.	Completed with a number of reports brought to the Executive for decision.
Introduce new contractual arrangements	The proposed contract was put out to tender May 2005. A preferred bidder was appointed and pre –contract discussions continued up the Spring of 2006	New contractual arrangements failed to be delivered, but the process was substantially completed.
Improve communication	<p>Re Basic Highway Maintenance works with NS: There are weekly and monthly inter-departmental meetings to monitor and improve service delivery.</p> <p>Re Street Lighting with Amey: There are weekly and monthly meetings</p>	Action completed

	<p>to improve workflow and increase efficiencies.</p> <p>Re Surfacing with Tarmac: There are meetings either weekly or every other week, depending on the volume of work being undertaken, to monitor work and agree accounts.</p>	
Undertake structured consultation and customer liaison	<p>Work done at different times to undertake consultation on specific issues, such as drainage. Satisfaction PIs have improved. Information taken to Members eg CSIP update with particular focus on customer satisfaction (September 2004).</p>	<p>More could always have been done but the action has been substantially completed.</p>
Introduce use of monthly trading accounts	<p>Trading accounts in place for NS and Engineering Consultancy. Monthly budget monitoring in CS.</p>	<p>Action completed. A trading account for the Highway Infrastructure Section is not appropriate as income generation forms only a small part of the work..</p>
Undertake benchmarking	<p>Some work was done initially at the time of the BVR. There is no meaningful information readily available as no two contracts are alike – information is also commercially sensitive. Bench marking of NS took place as part of the review of contractual arrangements in 2005. Further benchmarking has just been completed with a term maintenance contractor, Accord and is in progress with NYCC and ERYC. The operation of Highway Infrastructure and Engineering Consultancy was also reviewed, from 2003 onwards, as part of the proposed procurement of services.</p>	<p>Benchmarking has been undertaken on a number of occasions in different ways. It is not easy to obtain meaningful information but the action has been substantially completed.</p>
Review remit of highway maintenance service	<p>Reviewed regularly as a result of:</p> <ul style="list-style-type: none"> ▪ Re-scoping (involving setting up the Street Environment Service) ▪ Restructuring (in 2003) ▪ Proposals for procurement involving revised for service delivery 	<p>This has been the subject of various Executive reports and the action has been completed.</p>

	<ul style="list-style-type: none"> ▪ PFI ▪ Scrutiny 	
Review training and education needs	<p>Retention package introduced. Appraisals/ PDRs in place. Training programmes:</p> <ul style="list-style-type: none"> ▪ HNC/HND ▪ IOSSH ▪ CDM ▪ First Aid ▪ Technical conferences ▪ Workforce training (tools) 	A lot of training and education is carried out and the action has been completed.
Review success of HMIT and link outcomes with review of contractual arrangements	<p>The HMIT was successful to start with but once the initial outcomes had been delivered it became less effective with limited outcomes. The HMIT led into the first procurement. The work of the HMIT is embodied in the efficiencies of the new contracts:</p> <ul style="list-style-type: none"> ▪ Manage and build arrangements with NS ▪ 'Early Contractor Involvement' in the surfacing contract with Tarmac ▪ The partnership approach to the street lighting contract with Amey (Partnership Seminar planned for Nov. 07) 	<p>The actions were completed. The HMIT had some initial success and this was developed further into the reviews of contract arrangements.</p>
Sustain and expand condition survey	<p>A number of condition surveys are regularly undertaken each year and the extent and condition of the various assets are recorded in Exor. Obtaining information is relatively expensive and is limited by the resources available. The TAMP has provided a valuable overview but needs to be developed further. A very accurate street lighting inventory has been produced leading to considerable savings on energy. More work is needed on bridges, lower category footways and drainage systems (particularly if the PFI option is to be progressed).</p>	<p>Considerable work has been done, and CYC was at the forefront in this field a few years ago. Unfortunately a lack of resources to sustain this position has meant that this is no longer the case.</p>
Pre-Planning of next BVR	<p>The approach to BV changed in the years following the highway maintenance BVR and the action is no longer required.</p>	<p>Not completed but only because this action is no longer required as initially envisaged.</p>

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Executive**22 April 2008**

Report of the Director of Learning, Culture and Children's Services

Appointment of ICT Contractor – Joseph Rowntree New School**Summary**

1. This report seeks Member approval to appoint RM as the ICT contractor for the Joseph Rowntree New School project.
2. The value of the ICT contract is £1.6m. The RM bid is within budget.
3. The ICT contract has been procured from the BECTA (British Educational, Communications and Technology Agency) framework. Four short listed contractors were fully evaluated. RM scored the highest (Quality/Cost) but they were not the lowest cost tender. To comply with Council Financial Regulations Members are being asked to approve the appointment.

Background

4. The procurement of the ICT Contractor is being carried out at an early stage in the project to maximise the benefits and efficiencies of an early interface between the ICT Contractor and the preferred Design and Build Contractor, Carillion. This will minimize any risk between the Design and Build Contractor, the ICT Contractor and the City of York Council. To ensure the ICT Contractor has maximum input to the designs, procurement of the ICT Contract needs to take place before final design freeze on 30th May 2008.
5. A tri-party interface agreement will need to be signed by the Design and Build Contractor, the ICT Contractor and the City of York Council prior to the signing of the main Design and Build Contract on 7th July 2008.
6. The new school design is at RIBA stage E. The planning application was submitted on 25th March 2008. The ICT Contractor needs to be appointed without delay to ensure input is provided to the designs before final design is agreed at the end of May 2008. Any slippage will affect the date of Final Contract Award, the start of the construction phase and ultimately project viability.

7. The procurement of the ICT contractor has followed the BECTA Infrastructure Services Framework in line with recommendation from Partnership for Schools and DCSF (Department for Children Schools and Families). The Invitation to Tender was sent out to all 16 suppliers on the Framework.
8. Tender responses were received from 5 suppliers on 7 March 2008. A panel of nine representatives evaluated the responses over a two-week period. The panel included representation from the school ICT team; Learning, Culture and Children's Services (LCCS) senior education advisors; LCCS ICT Client Officer; CYC Procurement Team; external ICT procurement and technical consultants, the School Project Team and Mott MacDonald (Technical Consultants to the Project).
9. The following weightings were used in the evaluation process:

Category	Overall weighting (%)
Compliance with specification & proven ability	30
Technical Merit	15
Quality Control & Assurance	5
Cost	40
Partnership and Cultural Fit	10

10. In line with the scores of the submitted responses, four of the five suppliers were short listed to present to the evaluation panel on the 8 April.
11. The cost of each solution and the score achieved are shown in **Annex A**, Figure 1.
12. The final evaluation scores are shown in **Annex A**, Figure 2.
13. The final result shows that RM is the highest scoring contractor and should therefore be selected as the ICT contractor. However RM are the highest tender price; appointing RM without Member approval would be a breach of CYC Financial Regulations.

Consultation

14. Partnership for Schools (PfS) is the national procurement framework for the delivery of the Building Schools for the Future programme. PfS were consulted at the start of the procurement process and recommended the BECTA framework as the preferred procurement route for the ICT contractor.

15. BECTA were consulted for advice during the early phase of the procurement process.
16. CYC Legal Services and Procurement Team were consulted on the selection of the procurement route. CYC's legal framework partners Walker Morris gave independent advice on the options available for procurement and on the requirements for the interface agreement.
17. The evaluation process was developed by the CYC appointed ICT Technical Consultant in consultation with Mott MacDonald (Project technical consultants) and the Project ICT Working Group. The membership of the ICT Working Group comprises LCCS ICT Client Officer, LCCS Senior Education Advisers, and School ICT team, CYC Corporate Procurement Team, School Project Team.
18. Councillor Carol Runcimann and Liz Ackroyd, Assistant Director of Resources, Audit and Risk Management approved a MEAT (Most Economically Advantageous Tender) evaluation approach based on a 60/40 quality/cost split in the selection of the ICT contractor.
19. The Joseph Rowntree New School Project Board approved the evaluation and procurement process.

Options

20. Appoint highest scoring bid - RM.

Advantages:

i. The bid scored highest for technical merit. In broad terms the technical solution offered by RM was superior to the other bids because it delivers:

- A better wireless solution - they were the only company quoting for the new IEEE 802.11N standard - currently an expensive option.
- More servers than any of the other bids – a very high performance solution.
- SAN (server disk storage) - largest quoted storage capacity which will help with efficiency.
- Highest quality options for desktop PCs/laptops.

ii. The bid scored highest for Partnership and Cultural fit. RM provided good evidence during the evaluation that clearly demonstrated their considerable educational experience. This is as a result of their long term involvement in the national BSF programme. They demonstrated that their knowledge of the educational transformation agenda was much greater to the other bids. RM provide a dedicated team of

Educational Transformation Directors to support the school in delivering their strategy for educational transformation.

iii. The bid scored highest for Proven Ability. RM's tender submission was far more convincing in terms of their technical and educational ability to deliver this project. References of school projects evidenced their capability of delivering ICT solutions that result in improved educational standards.

iv. Minimal cost risk. The increased costs are attached to installation/project management. The RM bid shows a more detailed and planned approach to Project Management than the other three bids. The project management costs include for 155 days plus a contingency of £7k. This costing allows for a realistic level of staff resources required to support the school to deliver the whole educational ICT package. The lower priced bids costed for the delivery of the technical ICT solution with only a minimum level of educational support for the school. The assumption behind this costing is based on previous BSF experience and demonstrates RM's experience and understanding of delivering the whole ICT educational package. RM accept the risk of undercalling the project management costs but would pass on any benefit of reduction in costs as the project progresses and is de-risked.

v. Educational change management support. Joseph Rowntree New School project is a one school pathfinder for the Building School's for the Future (BSF). The main aim of the BSF programme is educational transformation. RM clearly demonstrated a greater knowledge and experience of the educational transformation agenda. Their experience of implementing ICT solutions within BSF projects was well evidenced in the tender submission and they provided examples of school projects where their ICT solution has achieved increased educational standards.

Disadvantages:

vi. Most expensive.

21. Re-procure ICT contract.

Advantages:

i. Could deliver a lower cost solution.

Disadvantages:

ii. Increased costs. Re-procurement would incur increased costs for school staff and CYC officers who are involved in the evaluation and selection process. Officer time would amount to an additional 3 –5 days for the 12 staff involved. Re-procurement would also incur additional ICT consultants cost of around £11k.

iii. Insufficient bid responses. A second procurement process may draw limited interest from bidders. Significant costs are attached to the development of ICT contractor bids. Bidders who have already responded to the first procurement and were unsuccessful are unlikely to be interested in bidding a second time.

iv. No design input from the ICT contractor. The main reason for appointing the ICT contractor at an early stage is to gain benefit from their direct involvement in the design process (see paragraph 4. above). Re-procurement would take the appointment of the ICT contractor beyond design freeze and prevent any input to the design. This would increase the interface risk (between design and build and ICT contractor) for CYC.

v. Increased costs risk. Bringing the ICT contractor into the project at a later stage will increase the likelihood of changes to the design in order to adapt the mechanical, electrical and structural elements of the building fit the ICT solution. Any changes made post signing of the design and build contract will be charged at a premium rate.

Analysis

22. RM had the highest evaluation score in 3 out of 5 sections; they were 0.05 below the top score in the 4th section and were only beaten on costs. In terms of costs they were generally competitive except on their installation costs. These costs are about £100K above the other bidders but this reflects a realistic estimation of the input required. A further advantage of this bid is the degree of RM staff presence will assist in the overall process - RM have detailed more work input than anyone else. This can be used well to the schools benefit. We have already agreed to review these charges once further discussions have clarified the requirement. Their costs are within budget and despite the 40% loading on costs in the evaluation process they still achieved the highest overall score - this reflects how well they scored in all other sections.
23. For reasons of increased costs, limited market place and increased risk to CYC, re-procurement of the ICT contractor is not a viable option at this stage in the project.

Corporate Priorities

24. *Priority – Increase people's skills and knowledge to improve future employment prospects.* The Joseph Rowntree New School project aims to meet this corporate priority by transforming education to ultimately provide an environment that supports all learners. The school will provide the students, the local community and the city of York with a diverse range of learning opportunities that enables everyone to achieve their best.

25. *Priority – Increase the life chances of the most disadvantaged and disaffected children, young people and families in the city.* The new Joseph Rowntree school will provide a dedicated unit for students with ASD. This unit will provide an integrated and inclusive education for this cohort. The school is located within one of the most deprived wards of the city. The project has benefited greatly from the support and advice of the Joseph Rowntree Housing Trust to develop a resource for the benefit of the whole community.

Implications

- **Financial** Although the tender price from RM is not the lowest, it is still affordable from the budget set aside for ICT within the overall project. Richard Hartle, LCCS Finance Manager has been consulted and supports the recommendation within this report.
- **Human Resources (HR)** There are no HR implications.
- **Equalities** There are no equalities implications.
- **Legal** There are legal implications. As the highest scoring bid, if RM are not appointed they may have grounds to challenge CYC under European procurement law.
- **Crime and Disorder** There are no crime and disorder implications.
- **Information Technology (IT)** The IT implications are contained within the body of the report.
- **Property** There are no property implications.
- **Procurement** There are procurement implications. David Walker, Insurance and Procurement Services Manager has been consulted and provided advice to the project board on the options available at this stage and supports the recommendation within this report.

Risk Management

28. See risk assessment matrix attached at **Annex B**.

Recommendations

29. Members are asked to consider:

- 1) That RM are appointed as the ICT contractor for the Joseph Rowntree new School project

Reason: RM provide the best ICT solution for the school.

Contact Details

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Chief Officer Responsible for the report:

Chief Officer's Kevin Hall
Title Assistant Director,Resource Management

Report Approved

Date 17.04.08.

Specialist Implications Officer(s) *List information for all*

Implication:Financial
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Implication : Procurement
Name David Walker
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Implication: Legal
Name: Brian Gray
Title Principal Property Lawyer
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Wards Affected: *List wards or tick box to indicate all*

All *tick*

For further information please contact the author of the report

Annexes

Annex A - confidential information
Annex B – risk matrix

Background Papers:

ICT Procurement Report

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Annex B

Risk Assessment to support Request to Waive Financial and Contract Procedure Rules							
	Potential Risk if waiver agreed	Likelihood (1-5)	Risk rating (1-5)	Potential Risk if waiver not agreed	Likelihood (1-5)	Risk rating (1-5)	Total Score
Finance		1	1	Not appointing RM would incur increased procurement costs to the project.	5	5	24
Finance		1	1	Having no input from the ICT contractor at the design stage will incur additional change request costs to the design and build contract.	5	5	24
Reputation		1	1	CYC currently lead the OSP projects, we are the first of 19 authorities to enter into the PfS framework, with a reputation as good clients and as a professional project team. Re-procuring the ICT now would damage that reputation with DCSF, BECTA and with ICT contractors (resulting in a lack of interest to re-tender for the project).	5	5	24
Customers		1	1	The BECTA framework gives access to leading school ICT contractors. With the current saturation of BSF projects nationally and the costs of developing bids it may be hard to attract services by re-procuring using the BECTA framework	4	4	15
Directorate Objectives		1	1	A delay in the project delivery will ultimately delay the delivery of	5	5	24

				Council/LCCS and national government objectives.			
Health & Safety	none	1	1		1	1	0
Total Score							111

Likelihood	Risk rating	Total (Likelihood x Risk Rating)		Risk - Risk if approval not given minus Risk if approval given
1 = Low	1 = Low	1 - 5	Low	Positive score - Opportunity outweighs risk
2 = Low/Medium	2 = Low/Medium	6 - 10	Medium	Negative score - Risk outweighs opportunity
3 = Medium	3 = Medium	11 - 15	High	
4 = High	4 = High	16 - 20	Very High	
5 = Very High	5 = Very High	21 - 25	Critical	

Finance - the impact on the Council's financial standing e.g. the impact on future budget allocations etc.

Reputation - the impact on the Council's reputation. This can be from the point of view of its employees, the community, fellow councils and national Government.

Customers - the impact on the Council's ability to provide high quality customer services.

Directorate Objectives - the impact on the direction of the Council/Directorate. Will it help to support objectives or does it go against them? Best Value etc.

Health & Safety - the impact on health & safety. This can be the impact on Council employees or the community at large.