
Highways PFI Ad-Hoc Scrutiny Committee

3rd January 2007

Scoping Report: Highways Private Finance Initiative

Purpose of Report

1. This report is written to brief Members of the Highway's PFI Ad-Hoc Scrutiny Committee regarding the background and scope of the topic. Members are requested to;
 - a. Consider and note the content of the report,
 - b. Determine whether they require any further information in respect of part A of the topic (as outlined below) prior to reporting back their findings and recommendations to 2006 Scrutiny Management Committee (SMC).

Background

2. On 25th September 2006 SMC, recommended progression of registered Scrutiny Topic 135 'Highways Maintenance Procurement Process' with the stipulations that;
 - a. The topic registration form be amended to incorporate Member concerns regarding the Private Finance Initiative (PFI) bidding process and the objective aims and risks for of the bid for the corporate body and service area.
 - b. The proposed remit be refreshed accordingly and drafted to ensure a tight turn-around of the topic to coincide with the PFI bidding process.
 - c. The Remit of the topic pay due consideration of the resource implications – officer time and financial of progressing.
3. Further information regarding the history of Highways procurement at the City of York Council was also submitted at the September meeting by the Head of Highway's Infrastructure, this has been incorporate into the information provided below.
4. On 20th November 2006 SMC considered a further report ¹ incorporating a revised registration form referencing the PFI bidding process. Prior to this meeting the Chair and Vice Chair of SMC consulted the Head of Highway's Infrastructure regarding the core issues for the scrutiny review in light of the time scale – January 07 - for submitting and receiving a response upon a CYC PFI 'expression of interest' for a Pathfinder

¹ entitled 'Draft Remit for Highways Maintenance Procurement Review'

Project to the DfT for highway maintenance management and works, with traffic management infrastructure works.

5. As a result of these discussions it was decided at the 20th November 2006 SMC that the remit for topic 135 on Highways Maintenance be dealt with in two parts in order to address the urgency of the PFI issue. A draft remit was proposed, amended and agreed at this meeting regarding part A of the topic and this report has been structured to;
 - a. Reflect the remit for Part A only as agreed at the November SMC
 - b. Provide Members of the Sub-Committee with information in line with the objectives of the part A remit
 - c. Support Members of the Sub-Committee to feedback their analysis and recommendations on Part A of the topic to SMC with a deadline of late January/early February 2007.

6. The agreed aims of Part A, which Members may wish to bear in mind when reading this report, are;
 - a. To contribute to the development and establishment of a strategic and effective highways maintenance procurement strategy in York
 - b. To understand the cost implications associated with the PFI bid and its outcome if successful.

7. In order to achieve these aims the following objectives were agreed;
 - i. Examine the potential efficiencies from a PFI arrangement.
 - ii. Make recommendations with regard to available alternative options in the event that a PFI outcome is unsuccessful.
 - iii. Looking at the cost effectiveness of those options, including improved ways of working.
 - iv. profiling expenditure over the lifespan of the PFI and any associated secondary costs.
 - v. understand the cost implications associated with the PFI bid and its outcome if successful.
 - a) If enough monies could be borrowed, it would offer a total solution to the repairs and maintenance backlog (i.e. capital investment);
 - b) It is an effective way of raising finance with the Council being able to borrow at more favourable rates;
 - c) It allows for the flexibility of appointing a separate maintenance contractor;
 - d) The Council would retain ownership of the Highways Maintenance service being provided and as such will have the ability to respond to change as and when appropriate (not constrained by a long term contract);

Consultation

8. At their November meeting SMC agreed that the sub-committee should be given time to consult with officers and any other relevant parties as necessary or appropriate to gain the most current information.
9. Due to the limitations in respect of time – see timetable for review below – it is proposed that Members of the sub-committee work within small agreed groups or as individuals to gather any further information outstanding in respect of completing part A of the review within the next week.

Timetable For Review

10. A PFI bid has already been submitted to Dti and the outcome is awaited in January 2007. The decision to make a bid cannot therefore be influenced. At their November meeting SMC agreed that Part A of the review be completed by end of January 2007 to enable the findings and subsequent recommendations to assist the procurement of highways maintenance to 2010, when the outcome of the PFI bid (currently with Dti) is known.
11. The table below details a timeframe of actions / breakdown of the work to be covered within the period allowed.

Date	Activity	Responsibility
Past	Background evidence gathering	Chair supported by Scrutiny Officer
3 rd Jan 07	First meeting of the Sub-Committee. <ul style="list-style-type: none"> • Discuss review remit and scope and evidence available in respect of objectives to date • Consider and list further enquiries necessary in order to complete Part A against the objectives agreed by SMC and who will achieve these by the 9th January 	All
10 th , 11 th , 12 th Jan 07	Arrange an informal meeting with agreed membership in order to feedback on this and draft a report to the Sub-Committee/SMC	All/Scrutiny Officer
Week 22 nd -26 th Jan	Set a date for the Sub-Committee's final report meeting	All/Scrutiny Officer/Democracy Officer
29 th Jan	Report to SMC	

Options

12. Members should note that this section would ordinarily set out options available to Members other than agreeing the above timetable. However, in respect of the tightly framed remit for Part A of this review as agreed by SMC and the timing of feedback on the PFI expression of interest alternative options no alternative options are available.

Implications

13. There are no Financial, Human Resources, Equalities, Legal, Crime and Disorder, Information Technology or Property implications associated with this report.

Risk Management

- 14 There are no risks associated with this report as it is for information to a new sub-committee.

Recommendations

15. Members of the Highways PFI Ad-Hoc Scrutiny Committee are recommended to agree the timetable proposed for the review and actions therein.
- 16 Reason: To ensure compliance with scrutiny procedures, protocols and workplans.

Contact Details

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Democratic Services Manager

**Scoping Report
Approved**

Date 22/12/06

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

Implication ie Financial

Implication ie Legal

Name

Name

Title

Title

Tel No.

Tel No.

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Topic Registration Form No. 135

Draft Remit for Highways Maintenance Procurement Review SMC Nov 2006

Annexes

Annex A - History Of Highways Maintenance Procurement In Brief

Annex B - Procurement Options & Programme