

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
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- 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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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