



City of York Council

Internal Audit

Memorandum

Responsible Officer: Sarah Tanburn

Date Issued: 22 January 2015

Status: Draft

Introduction

- 1 In June 2014 internal audit were asked to look into issues around the allocation of funding for highways maintenance schemes. The detailed findings resulting from this work have been reported to the Chief Executive. This memorandum summarises weaknesses in process identified and recommendations to address these issues.

Process for allocating highway maintenance funding

- 2 On an annual basis the council allocates funds for maintenance of the road and footway network. Overall funding and objectives are dictated by financial and political priorities rather than an absolute measure of work required. Occasionally the council will allocate additional funding for specific types of work. The process used to allocate such additional funding broadly follows the annual process.
- 3 Each autumn indicative budget figures are used to draw up a draft list of highway maintenance schemes for the coming financial year (eg autumn 2013 for the 2014/15 financial year). The budget is allocated by ranking schemes in priority order using a number of criteria (see 4 below). An initial report on schemes to be undertaken is then presented to the Cabinet Member for Environmental Services, Planning & Sustainability¹ in private in November/December. This early approval allows statutory notices to be posted to enable some schemes to start in the following April.
- 4 The criteria used to rank schemes are set out in figure 1 below, along with an indication of how each is scored out of 10. The scores are combined using the weightings set out in the table, to give an overall ranking out of 10.

¹ Abbreviated as the cabinet member for environmental services in the remainder of the report.

Figure 1 – criteria used to rank highway schemes

Criterion	Weighting	Usual method of scoring out of 10
Condition	35%	1 – 10 based on survey
Safety	25%	1 – 10 based on no. of actionable defects (trips, potholes)
Location	5%	Generally residential 3, shops & schools 5, classified roads 7
Usage	10%	Generally quiet roads 1 or 2, residential 3, bus routes 5, classified roads 7
Accidents	5%	1 accident score 3, more than 1 score 6
Hierarchy	5%	Importance in the network, reflects usage
Affordability	10%	Cheaper schemes score higher 7 or 8; more expensive schemes score lower 4-6
Complaints	5%	Any number of complaints from public score 3, any complaints from a councillor score 6, any petition received score 9.

Note: In practice it appears that the method of scoring out of 10 may vary. For example some cases were seen where the hierarchy score was not the same as the usage score.

- 5 Following initial approval, further work is undertaken by officers to calculate more accurate costs for each scheme. This information is used in conjunction with the approved budget to draw up a final list of schemes. The final list is approved by the cabinet member for environmental services at a public decision session. The 2014/15 list was approved on 20 March 2014. Both this report, and the initial list of schemes for advanced approval are presented to the cabinet member grouped by ward, with totals provided for work to be undertaken in each ward.
- 6 Between initial and final approval, changes may be made to the list of schemes. For example as budgets and costs are confirmed or due to changes in underlying priorities. Where changes are made it was found that there is not always a clear record of the reasons for this nor copies kept of each iteration of the list of schemes.

- 7 A comparison of a recent list of additional highway schemes to the annual condition survey² was undertaken. Two anomalies were identified.
- i. Scheme A – this was included in the list of schemes to be done but is shown entirely as condition 2 on YorkMap. It is also not included on the spreadsheet of category 4 and 5 footways used for ranking purposes by the highways team. It is therefore not clear why this scheme was included in the original draft list of schemes.
 - ii. Scheme B – has two sections of road in categories 4 and 5, however it is a quiet residential street and would therefore tend to score fairly low. The category 5 section is only 26m long. This scored 7.2 in the service's ranking of schemes. The category 4 section is much longer (456m) but scored only 6.5. However, the budget allocated (£77k) suggests that the entirety of the scheme will be undertaken.
- 8 There may be good reasons for the inclusion of these schemes, however, no explanations were seen in service working papers or formal reports.

Weaknesses in process

- 9 There is a lack of clear boundaries between members and officers in decision making about schemes. Members are involved in private briefings about lists of schemes to be undertaken and also approve the list of schemes. It would be expected that members set overall priorities and principles but ask officers to determine work to be undertaken.
- 10 Some of the criteria used to prioritise schemes do not relate to condition or safety, for example councillor complaints. While these are given a lower weighting, the narrow range of overall rankings means that they can have a substantial impact³.
- 11 Lists of schemes deemed to be a priority are drawn up by the service for discussion with members in informal briefings and formal meetings. However, these lists are then presented in order of electoral ward rather than, for example, priority order. This increases the risk that decisions could be based on which area a scheme is in rather than condition and relative importance in the network.
- 12 Adequate audit trails do not always exist to show why changes to lists of proposed schemes have been made. This makes it difficult to assess how the final list of schemes was arrived at in the event of queries or challenges.

² Using details recorded on YorkMap

³ The annual condition survey groups roads into 5 categories with 5 being the worst condition. In the 2013 survey there were 577 stretches of unclassified carriageway classed as 4 or 5 that were fully scored and ranked for planning purposes. The rankings of these schemes were between 4.9 and 8.25. The cut off point for schemes included in maintenance plans was around 7.5. Schemes scoring 7.45 did not make the list. A petition scoring 9 points under complaints would increase the ranking of a scheme scoring 7.45 by 0.45 (0.05 x 9), to 7.9. This would place it near the top of the priority list for work.

- 13 There are not always clearly documented explanations for work to be carried out – for example where factors other than condition are key drivers.

Recommendations

The council should:

- (1) review the process for the approval of highway maintenance schemes. Members should be asked to approve the overall budget and principles to be used in allocating funding. Officers should determine actual schemes to be undertaken in accordance with the budget and principles set by members.
- (2) review the criteria used to prioritise highway schemes to ensure that they are appropriate. The criteria should reflect, for example, road condition, importance and safety factors. It should be ensured that the scoring process and weightings clearly differentiate priority rankings (ie that there is a clear spread of scores from highest to lowest).
- (3) ensure that lists of schemes used for decision making purposes, or to inform members, are ranked in order of priority rather than electoral ward.
- (4) ensure that working papers clearly show how decisions about schemes to be undertaken are arrived at. The reasons for any changes in the list of schemes should be properly documented. There should be a clear audit trail to show how the final list of schemes was arrived at.
- (5) clearly document the reasons for inclusion of any schemes which are not consistent with the normal scoring process.