



Transformation Programme - Street Based Services
City of York Council
Internal Audit Memo

Service Area: City and Environment Services

Responsible Officer: Assistant Director: Transport, Highways & Waste

Date Issued: 25/03/2015

1.0 Introduction and scope

- 1.1 Street based services includes collection of waste, managing the streets, including litter, highways, maintenance and lighting, managing and maintaining parks and open spaces and managing the Council fleet of vehicles. The services are all delivered in house and are based at the Hazel Court eco-depot. Highways, Waste, Public Realm and Fleet services have a £20m budget per annum and generate £8.5m income per annum.
- 1.2 The level of service offered to local residents will need to change to reflect budget savings which are anticipated to be in excess of £2m over the next three years. An assessment will need to be done to determine the level of service that can be offered in light of the budget cuts. A decision will also need to be taken whether it is appropriate to continue delivering the service in house, outsource it or work in collaboration with other local authorities to provide it.

2.0 Initial findings/conclusions

Determining the Future Level of Service

- 2.1 The project to review the future level of delivering street based services is still in its early stages as no decision will be taken on this until after the local elections in May 2015. Reports have been presented to the Cabinet in July and December 2014 which details the level of savings that need to be generated but no plans have yet been agreed as to how these can be achieved.
- 2.2 A business case is being developed which shows the individual components of street based services. This lists what service is currently being provided for and that which can be done in future. However, this document has not been completed as details, figures or options for potential reductions and changes to services were not always included. There was also no timetable in place as to when the business case needed to be completed so that it could be presented to members to decide on the future level of street based services that were to be offered in York.
- 2.3 The cost of providing the street based services was not clearly defined and was reported inconsistently in documents that were viewed during the audit. There is a risk that incorrect options for the future delivery of the service are put into practice because the cost of the providing the service has not been calculated correctly.

Identifying the Future Method of Service Delivery

- 2.4 The various options for future service delivery methods have been identified and set down in a document which lists the characteristics of each method. At this point in time no assessment has been done to determine which of these methods would be best as the service is not scheduled to be put out to tender until 2016. This document needs to be developed further so that the advantages and disadvantages of each method are considered and assessed.
- 2.5 The findings of this work would also need to be included in the tender selection process so that the risks to the council of working with private sector providers are assessed when the preferred contractor is selected. The questions that would be used to assess these risks would need to be done in a fair and transparent process so that unsuccessful parties do not challenge the method used to award of the contract. Given this, it is not appropriate at this stage to assess potential providers of the service without a formal tender process in case the methods used to rule out future providers are challenged at a later date.

3.0 Recommendations and further work

- 3.1 A timetable should be drawn up when the business case is completed so that the options for the future level of street services provided can be presented to members.
- 3.2 The cost of providing both individual elements and the overall cost of the service should be calculated and used regularly so that future options of the service can be assessed and developed on a consistent basis.
- 3.3 A timetable for undertaking the work into assessing the merits of the different method of service delivery should be produced in order to ensure members can decide which approach is best.
- 3.4 The tender selection process should take into account the risks of working with private sector providers so that these can be mitigated when the successful party is selected. This process should be agreed by members to ensure the criteria used is appropriate,
- 3.5 Further work will be carried out in 2015/16 in order to assess the progress made against the findings and recommendations in this report.