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MEETING	HIGHWAYS MAINTENANCE SCRUTINY COMMITTEE
DATE	28 AUGUST 2007
PRESENT	COUNCILLORS MOORE (CHAIR), SIMPSON-LAING (VICE-CHAIR), MERRETT, HEALEY, HOGG AND HYMAN (SUBSTITUTE)
APOLOGIES	COUNCILLORS CREGAN AND R WATSON

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## 5. 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. No interests were declared.

## 6. MINUTES

RESOLVED: That the minutes of the last meeting held on 20<sup>th</sup> June 2007 be approved and signed as a correct record.

## 7. PUBLIC PARTICIPATION

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

## 8. INTERIM REPORT FOR HIGHWAYS MAINTENANCE PROCUREMENT & PFI REVIEW (PART B)

Members considered the Interim report for Highways Maintenance Procurement and PFI Review.

The Assistant Director of City Development and Transport updated Members regarding the Expression of Interest (EOI) and Private Finance Initiative (PFI). He reported that £1.2 billion of PFI contract were on hold at the moment due to:

- A move into new international reporting standards
- The fact that Birmingham had asked for more credit and this was having an impact on the distribution of monies
- The comprehensive spending assessment was still not resolved.

He thought that December 2007 would be the earliest time that there would be any news on the EOI and stressed that the above information had been gathered from many sources and did not come direct from the Department for Transport (DFT).

Members considered the table of events shown at Annex A of the report and agreed that their fundamental concern was the time taken to realise

the savings identified as part of the Best Value Review. Members raised a number of questions about the delays and were informed that:

- On conclusion of the review there had been no available funding to appoint a Project Manager
- A continuous Service Improvement Plan (CSIP) was agreed and followed and progress had been 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.
- Having no *permanent [amendment made to minute at meeting held on 7.11.2007]* Section Head in Highway Infrastructure had resulted in there being limited progress made between February 2002 and June 2003.
- As a small authority there was little flexibility to move resources around without causing knock on effects.
- 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.
- 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 had taken significantly longer to repay the monies taken from the Venture Fund to finance the Street Environment Service.
- 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.
- That issues around the lack of resources in Corporate Procurement had since been addressed.

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.

It was noted that all of these steps were allowed for within City of York Council's PFI bid, as this was the standard of working expected by Department of transport.

In an effort to conclude this review in line with the timeframe set by Scrutiny Management Committee, Members agreed the following future meeting dates:

- Formal meeting 24<sup>th</sup> October 2007.
- Informal meeting in early November 2007.
- Formal meeting in November to sign off the final draft report to go to the Scrutiny Management Committee on November 26<sup>th</sup> 2007.

Members wanted time to consider any further questions they wanted to raise and it was agreed that these would be forwarded to the Scrutiny Officer for circulation to ensure that Officers could respond at the next meeting on 24<sup>th</sup> October 2007.

RESOLVED: That having considered the information provided Members requested that:

1. The Director of City Strategy attend the next meeting on 24<sup>th</sup> October 2007
2. That the report on the Local Highway Efficiency Toolkit and Benchmarking be brought to the next meeting.
3. That the above report be made available to Members 10-14 days before the meeting so that they can familiarise themselves with the content.
4. Any questions arising from this meeting or the above report to be circulated to relevant Officers by the Scrutiny Officer before the meeting on 24<sup>th</sup> October 2007.

REASON: To clarify if there has been any financial loss to the Council caused by delays in the procurement process since 2003.

Councillor R Moore, Chair

[The meeting started at 5.00 pm and finished at 6.20 pm].