



**Notice of meeting of  
Highways Maintenance Scrutiny Committee**

**To:** Councillors Moore (Chair), Simpson-Laing (Vice-Chair),  
Merrett, Cregan, Healey, Hogg and R Watson

**Date:** Tuesday, 28 August 2007

**Time:** 5.00 pm

**Venue:** The Guildhall

**AGENDA**

**1. Declarations of Interest**

At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

**2. Minutes** (Pages 3 - 6)

To approve and sign the minutes of the meeting held on Wednesday 20 June 2007.

**3. Public Participation**

At this point in the meeting members of the public who have registered their wish to speak can do so. Anyone who wishes to register or requires further information is requested to contact the Democracy Officer on the contact details listed at the foot of this agenda. The deadline for registering is 5pm on Friday 24 August 2007.

**4. Interim Report for Highways Maintenance (Pages 7 - 16)  
Procurement & PFI Review (Part B)**

This report presents to Members a table of events in relation to Highways Maintenance Procurement and the PFI Process.

**5. Any other business which the Chair considers urgent under the Local Government Act 1972**

Democracy Officer:

Name: Louise Cook

Contact Details:

- Telephone – (01904) 551027
- E-mail – [louise.cook@york.gov.uk](mailto:louise.cook@york.gov.uk)

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting Louise Cook

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

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- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
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### **Holding the Executive to Account**

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

### **Scrutiny Committees**

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

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City of York Council

Committee Minutes

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MEETING	HIGHWAYS MAINTENANCE SCRUTINY COMMITTEE
DATE	20 JUNE 2007
PRESENT	COUNCILLORS MERRETT, MOORE, SIMPSON- LAING, HEALEY, HOGG AND R WATSON
APOLOGIES	COUNCILLOR GREGAN

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**1. 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.

**2. MINUTES**

RESOLVED: That the minutes of the last meeting held on 26 February 2007 be approved and signed as a correct record.

**3. PUBLIC PARTICIPATION**

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

**4. SCOPING REPORT FOR PART B OF THE REVIEW**

Members considered a scoping report for Part B of the Highways Maintenance Procurement and Private Finance Initiative (PFI) Scrutiny Review.

The Assistant Director of City Development and Transport updated Members regarding the Expression of Interest (EOI) and confirmed that he had not had any response to letters sent in both May and June or to recent telephone calls.

Additional information detailing the outcome of the Highway Maintenance Best Value Review' was circulated at the meeting, including:

- a summary of the cashable efficiencies gained as a result of the review
- a graph showing the budgets for highway maintenance between 2002-2007

- details of staff numbers in the Highways Infrastructure Section between 2002-2007.

Members were informed that when the Best Value Review was originally considered there were 7 proposals made and a decision was taken to implement the following 2 options:

1. To improve the efficiency of the current system
2. Change the basis of contractual arrangements and extend the scope of the mixed economy of service provision that currently exists

Members also noted the 11 improvement objectives set as part of the review i.e.:

1. Produce a Highways Maintenance Management Plan.
2. Review the current approach to managing and planning the service.
3. Develop an operating culture of 'Right First Time'.
4. Increase the customer orientation of the service.
5. Improve the quality of financial information.
6. Further improve the efficiency and effectiveness of staff who deliver the service.
7. Develop procurement practices and partnership working.
8. Review the remit of the Highways Maintenance Service.
9. Raise the profile and understanding of the service and develop understanding of customer needs.
10. Increase the quality of the finished product delivered.
11. Further increase and improve knowledge of the highway asset.

Members were informed that work was ongoing to benchmark the whole of the Highways Maintenance Service in a meaningful way and that information on this, as well as on the new Local Highway Efficiency Toolkit would be available for presentation at the October meeting.

As there were unanswered questions regarding the costs incurred by the Council due to the delay in implementing the improvement objectives listed above, Members requested an audit trail of the process be brought to the next meeting in the form of a summary of decisions, reports and minutes from 2001 to the present date.

RESOLVED: Members agreed to the following schedule of work for Part B of this review as follows:

- The Committee will be renamed Highways Maintenance Scrutiny Committee
- Timeline of dates of decisions in relation to implementing the improvement objectives and a summary of the reports and minutes for those to be presented at their next meeting on 28<sup>th</sup> August 2007 at 5pm

- To receive reports on the Local Highway Efficiency Toolkit and Benchmarking at the meeting scheduled for 24<sup>th</sup> October 2007 together with details on which of the objectives had been fully implemented and reasons why others had not.

REASON: In order to progress existing agreed scrutiny reviews within procedural and constitutional requirements.

Cllr. R. Moore, Chair  
[The meeting started at 5.00 pm and finished at 7.00 pm].

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## Highways Maintenance Ad-Hoc Scrutiny Committee

28 August 2007

### Interim Report for Highways Maintenance Procurement & PFI Review (Part B)

#### Background

1. In coming to a decision to review this topic, the Scrutiny Management Team recognised certain key objectives and the following remit was agreed for Part B of this review:
2. Aim  
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.
3. Objectives  
The above aim to be achieved through the following objectives:
  - To examine the financial information that was provided to Urgency Committee in September 2006 including the key financial risks highlighted within the report.
  - To investigate the figures included in the report which advised Members to go ahead with the PFI approach to Highways Maintenance Procurement.
  - To compare the actual cost to the Council since 2003 in respect of Highways procurement to the costs originally included in the Best Value Review of 2001 and examine the managerial processes put in place to implement the savings and agreed actions.

#### Consultation

4. On 20 June 2007 the Ad-hoc Scrutiny Committee considered a scoping report for part B of this review. The Assistant Director of City Development and Transport updated Members regarding the Expression of Interest (EOI) and provided additional information detailing the 11 improvement objectives set and the outcome of the Highway Maintenance Best Value Review. Members queried the timescales involved and in order to understand the delays in implementing the savings and actions agreed as a result of the Best Value Review, requested a timeline of dates of decisions made in relation to Highways PFI & Procurement.

## **Information Gathered**

5. The Head of Highways Infrastructure has provided a table detailing the timeline of events since the Best Value review with includes a note for each and the Executive reports and decisions made - see Annex A attached.
6. Work is also ongoing to provide Members with a report on the Local Highway Efficiency Toolkit and Benchmarking. This is scheduled for presentation at the next meeting of this Ad-hoc Scrutiny Committee on 24<sup>th</sup> October 2007 together with details of which of the objectives agreed as part of the Best Value Review have been fully implemented and reasons why others have not.

## **Options**

7. Having regard to the remit for Part B of this review, Members are asked to consider the information provided and agree what further information they need to be able to conclude this review within the agreed timeframe.

## **Implications**

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

## **Corporate Priorities**

9. It is recognised that this review could contribute to improving 'the actual and perceived condition and appearance of the city's streets and open spaces' by helping to improve the Council's procurement arrangements for highways maintenance. In rationalising our procurement arrangements, it could also help to improve our organisational effectiveness.

## **Risk Management**

10. In compliance with the Council's risk management strategy, there is a risk associated with not keeping to the agreed timetable as this would affect the focus of the review and the progress of the Scrutiny Workplan.

## **Recommendation**

11. Having considered the information provided within the report and by officers at the meeting, Members are asked to conclude:
  - whether or not there have been unnecessary delays in implementing the actions agreed as part of the Best Value Review
  - If there have been unnecessary delays, whether this has resulted in a loss of the savings identified in the review.

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

**Contact Details**

**Author:**

Melanie Carr  
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Scrutiny Services  
Tel No. 01904 552063

**Chief Officer Responsible for the report:**

Dawn Steel  
Democratic Services Manager

**Interim Report Approved**

**Date** 16 August 2007

**Wards Affected:**

**All**

**For further information please contact the author of the report**

**Background Papers**

**Annexes: *Annex A* – Table of Events**

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## Table of Events in relation to Highways Maintenance Procurement and the PFI Process

Date	Item
October 2001	<p><i>Report to the Executive – Best Value Review of Highway Maintenance</i></p> <p>The Best Value Review was concluded in July 2001 A summary of the Continuous Service Improvement Plan was included. Annex B gave the principal findings and recommendations - based on the 11 Improvement Objectives identified in the BVR. Also sets out 21 improvement activities from 2001/02 to 2005/06.</p> <p>Outcome: Members approved</p> <ul style="list-style-type: none"> <li>▪ Improvement objectives</li> <li>▪ Implementation of the CSIP</li> <li>▪ Possible cost savings</li> <li>▪ Formation of a Highway Improvement Team to look at new ways of working and prepare the new contract and tender, by April 2003</li> <li>▪ Interim joint working arrangements between DEDS/CSO</li> <li>▪ Research into new procurement and contract arrangements</li> <li>▪ Provide regular updates to Members on progress</li> </ul>
February 2002	<p>Update on Progress on 4 out of 11 Objectives. Action Plan:</p> <ul style="list-style-type: none"> <li>▪ 1 action abandoned – no funding</li> <li>▪ 1 action not applicable until 2006</li> <li>▪ Progress on 7 actions</li> <li>▪ No progress on 11 actions</li> </ul> <p>Note: There was no permanent Section Head in Highway Infrastructure from this time until June 2003, when it became Highways and Street Operations. Progress was limited as a result.</p>
October 2002	<p>Audit Commission report on the Best Value Review. Service rated as fair with uncertain prospects for improvement. Actions recommended for improvement</p>
June 2003	<p><i>Report to EMAP Planning &amp; Transport - Update on CSIP</i> The report discussed Audit Commission report and CSIP to date:</p> <ul style="list-style-type: none"> <li>▪ 1 action abandoned – no funding</li> <li>▪ 1 action not applicable until 2006</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Progress on 18 actions</li> <li>▪ No progress on 1 action but this is discussed in the report</li> </ul> <p>Outcome: Members agreed to revise the CSIP, in line with requirements of performance management and a standard monitoring template. CSIP revised based on 5 key initiatives</p> <ol style="list-style-type: none"> <li>1. Understanding customer views</li> <li>2. Understanding the asset</li> <li>3. Introduce a Quality Assurance System</li> <li>4. Introduce a Highway Maintenance Plan</li> <li>5. Analysis and procurement of revised service arrangements</li> </ol>
July 2003	<p><i>Report to the Executive – Procurement of Services via a ‘Thin Client’</i></p> <p>Outcome: Approval of the Thin Client approach subject to further reporting Approval to the Thin Client approach in joint delivery of cleansing, grounds maintenance and street scene services, subject to certain caveats.</p>
December 2003	<p>Report to EMAP Planning &amp; Transport - Update on CSIP Progress reported to Members since last update in June 2003</p> <p>Outcome: Members agreed to note the report</p>
March 2004	<p><i>Report to the Executive – Procurement of Highway Maintenance Services.</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Approval of temporary extension of contract arrangements for the supply of highway maintenance services</li> <li>▪ Approval that the procurement of highway maintenance services should proceed on the basis of a single tender but in two parts</li> </ul>
September 2004	<p><i>Report to EMAP Planning &amp; Transport - Update on CSIP.</i></p> <p>This report provided an update on progress on the key initiatives but focussed mainly on customer satisfaction (the first of the key initiatives).</p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Funding to be more evenly distributed between c/way and f/way schemes</li> <li>▪ Subject to various considerations the use of low cost maintenance techniques should be increased</li> <li>▪ Consult on customer satisfaction with gully cleaning and surface dressing in certain urban locations (if the latter is approved in the programme of works)</li> </ul>

	<p>Note - This was the last of the routine CSIP update reports as resources were diverted onto the procurement exercise, followed later, by the PFI Expression of Interest</p>
November 2004	<p><i>Report to the Executive – Procurement of Highway Maintenance Services.</i></p> <p>This report provided details of the procurement arrangements.</p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ The Executive endorsed the report and the progress made to date as the way in which it wishes to proceed with the Procurement of Highway Maintenance Services.</li> <li>▪ The split of functions between a Thin Client and the Service Provider was approved.</li> </ul>
March 2005	<p><i>Report to the Executive –Tendering Strategy</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Approval was given to the procurement of various traffic management maintenance contracts for CCTV, traffic signals, VMS signs etc on a separate basis.</li> </ul>
July 2005	<p><i>Report to the Executive – Procurement of Highway Maintenance Services – Evaluation Strategy</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ The selection of the preferred contractor based on the 'most economically advantageous tender' (MEAT) proposal for the City of York Council, on a 60% quality, cultural criteria / 40% price and technical capacity basis was approved.</li> <li>▪ The use of the 'restricted' tender procedure in selecting the preferred contractor was noted.</li> </ul>
October 2005	<p><i>Report to the Executive – Procurement of Highway Maintenance Services – Post Evaluation Clarification.</i></p> <p>The Executive approved delegation of authority to hold post-evaluation clarification discussions</p>
November 2005	<p><i>Report to the Executive – Procurement of Highways Maintenance Services – Preferred and Reserve Bidder</i></p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>▪ Subject to the outcome of the market testing exercise on Commercial Services, the Executive agreed to nominate Alfred McAlpine Government Services as preferred bidder for Part A+B and Part A, with Amey Infrastructure Services as reserve bidder for Part A+B and Part A.</li> </ul>

September 2006	<p>Reports to EMAP City Strategy – Transport Asset Management Plan  Draft Plan outlined with request to endorse its publication  Outcome:  The report was approved</p>
May 2006	<p><i>Report to the Executive – Joint report of the Director of City Strategy and the Director of Resources – Highway Services Contract Report.</i>  Outcome:</p> <ul style="list-style-type: none"> <li>▪ Approval to the short term arrangements to extend contracts. Approval to the maintenance of the current arrangements with Commercial Services (reactive and routine maintenance including small footway improvement schemes) for 12 months to maintain safety on the highway network.</li> <li>▪ Approval to medium term arrangements to tender the carriageway and large footway schemes, integrated transport schemes and Ward Committee schemes for a period of 18 months starting from September 2006 extendable annually. The design and management function to remain in-house.</li> <li>▪ The decision made by the corporate management team to suspend the current procurement process was approved, to allow investigation of the new emerging options to address the backlog of highway maintenance.</li> <li>▪ The in-house procurement team will investigate long term options of a PFI contract and, an extended scope contract, and report back to Members with the outcome.</li> <li>▪ The proposed management arrangements of a Project Board and a Steering Group were agreed.</li> <li>▪ The pursuit of a further option, to develop existing arrangements, would go ahead in the event that the other two options are unsuccessful.</li> </ul>
July 2006	<p><i>Report to the Executive – Highway Services (re PFI)</i>  Outcome:</p> <ul style="list-style-type: none"> <li>▪ The details for the reporting and management structures were approved.</li> <li>▪ The appointments to the Steering Group were approved</li> <li>▪ Delegated authority was given to the Project Board and the Steering Group to submit an EOI, should this be considered appropriate, as there is insufficient time to bring a report to the Executive.</li> </ul>



September 2006	<p>Report to the Urgency Committee – Highways Services – PFI Option.</p> <p>Outcome:</p> <p>Members noted that the outcome of the extensive investigation into a PFI option to provide highway maintenance services in the future.</p> <p>Approval was given to the submission of a PFI Expression of Interest for a Pathfinder Project to the DfT for highway maintenance management and works, with traffic management infrastructure works.</p>
September 2006	PFI Expression of Interest submitted to DfT
September 2006	<p>OIC Director – Procurement of Highway Surfaces (R&amp;R) Works</p> <p>Outcome:</p> <p>Approval given to the lowest tender submitted by Tarmac Ltd for the term contract.</p>
April 2007	<p>OIC Director – Award of Street Lighting Contract</p> <p>Outcome:</p> <p>Approval given to the lowest tender submitted by Amey Infrastructure Services for the term contract.</p>

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