

STRENGTHENING DELIVERY OF MAJOR INFRASTRUCTURE PROJECTS

Recommendation

- 1 That the Partnership approve the action proposed in the report to establish a delivery vehicle to:
 - provide consultancy services to the Partnership on the best means of specifying and delivering individual major infrastructure projects, once they are financed and approved, to ensure consultants and contractors are commissioned effectively.
 - once specified, ensure the delivery of major infrastructure projects within the agreed timescales, specification and budget, by effective commissioning of consultants and contractors.
 - ensure top quality project management.

Purpose of the proposal

- 2 This proposal is part of steps to strengthen the Partnership's governance and delivery arrangements and is designed to:
 - ensure outcomes are specified clearly
 - ensure top quality project management
 - share/transfer risk effectively
 - increase confidence in the 'delivery' capacity of the Partnership, to increase investment by business and in public infrastructure.
- 3 The last meeting of the Partnership considered delivery arrangements when discussing priorities and arrangements for negotiating a Multi-Area Agreement (MAA) with government and its agencies. That report focussed on three areas where the Partnership will be making substantial investment in major infrastructure projects:
 - transport
 - municipal waste management
 - homes and communities
- 4 This proposal, along with negotiations on the MAA and proposals for strengthening governance, would be summarised in forthcoming submissions to government:
 - continuing additional development funds for work on the Transport Innovation Fund Proposals
 - seeking government investment in waste management solutions
 - submitting further proposals in response to the Transport Innovation Fund.Government conditions on New Growth Point resources to support the development of homes and communities will also require reassurances on the effectiveness of delivery arrangements.

Some of the features of the proposed delivery vehicle

5 These would include:

5.1 Leadership by a well experienced, commercial manager with a successful track record in directing major projects and commissioning consultants and contractors to deliver major projects.

5.2 A main Board comprising the local authority chief executives.

5.3 Subsidiary divisions of the delivery vehicle:

- specialising in providing to the councils: consultancy services on the best means of specifying and delivering individual major infrastructure projects; commissioning consultants and contractors for the various types of project; and, overseeing their delivery of the projects.
- ensuring at the outset that any project is adequately specified and resourced and that the timescales are achievable
- ensuring rigorous controls over any request from either party for variations to specifications, timescales or costs once the project is underway
- holding to account the companies engaged on behalf of council clients to ensure delivery within the agreed timescales, specification and budget
- working effectively with the councils where any project requires them to exercise their regulatory responsibilities
- separated for accounting purposes, so that they are individually, not collectively accountable for any financial liabilities. (When required the councils would need to provide to a consultant / contractor formal indemnities for the subsidiaries.)
- delivering projects which may be cross-boundary or in a single unitary authority area; operating a simple charging system to allocate or apportion the costs of the holding and subsidiary companies in providing different amounts and levels of service to the councils
- ensuring risk is shared proportionate to the investment in the local authority area;
- employing or commissioning core finance, procurement, legal, etc skills, as appropriate

- 6 The scope for separate subsidiary operations is as follows:
- transportwith the assumption that major projects in one council area could also be included at the discretion of the council concerned
 - municipal waste management
 - major infrastructure to support the delivery of the new homes targets and mixed and sustainable communities. (Some councils may also wish to establish their own area-based development or regeneration companies to plan and / or deliver investment. In some cases, cross-boundary companies may be considered, for example, for urban extensions to Bristol.)

Action to establish a delivery vehicle

- 7 The local authorities propose jointly to obtain independent legal and related financial advice on the form and practical arrangements for a delivery vehicle. A draft tender has been prepared to enable the selection of advisers and, subject to the outcome of this report, advice would be available in May. The running costs of the delivery vehicle will be assessed as part of reviewing the independent legal and related financial advice.

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