



Report to Policy Committee

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Report of: Ajman Ali, Executive Director of Operational Services
Report to: Waste & Street Scene Policy Committee
Date of Decision: 27 September 2023
Subject: Amey Performance Report

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? Ref: 2345				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
<i>Appendix 3 of this report is not for publication because it contains exempt information under paragraph 3 of schedule 12A of the Local Government Act 1972 (as amended)</i>				

Purpose of Report:

To provide an update on contract performance and notify the Committee of proposed new ways of working in relation to a Contract for Highways Maintenance between Sheffield City Council and Amey Hallam Highways (AHH) (subcontracted to Amey LG (Amey) as part of a Private Finance Initiative (PFI) contract dated 31 July 2012 which is due to expire in 2037 (the Contract).

Recommendations:

It is recommended that the Waste and Street Scene Policy Committee:

- Note the Amey Contract Performance Report at closed Appendix 3 together with the proposal for officers to continue to monitor Amey's performance of the Contract considering Appendix 3 and report back to Committee by February 2024 as to progress.
- Note the trials on new ways of working for street cleansing, leafing and planned drainage programmes.
- Note areas of improvement to strengthen monitoring and auditing function.
- Note full compliance on carriageway and footway surfacing and Amey are no longer in default.

Background Papers:

Department for Transport, Technical Note: Road Condition and Maintenance data published 10.11.2021.

Department for Transport, Road Condition Statistics: data tables (RDC) Road Conditions in England to March 2022

[Road condition statistics: data tables \(RDC\) - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Lead Officer to complete: -		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Adrian Hart
		Legal: Rahana Khalid/Rita Collins
		Equalities & Consultation: Louise Nunn
		Climate: Davina Millership
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Ajman Ali, Executive Director Operational Services</i>
3	Committee Chair consulted:	<i>Cllr Joe Otten, Chair of Waste and Street Scene Policy Committee</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Davina Millership</i>	Job Title: <i>Interim Head of Highways</i>
	Date: 18 September 2023	

1. Summary

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| 1.1 This paper asks Members | <p>To note the closed Appendix 3 and a proposal for officers to continue to monitor Amey's performance of the Contract considering Appendix 3 and report back to the Committee by February 2024 to progress.</p> <p>To note developments in trials of new ways of working related to street cleansing, leaf clearance and drainage.</p> <p>To note areas where officers have made improvements to strengthen monitoring of the Contract.</p> <p>To note that Amey is no longer in contractual default having reached compliance on carriageway and footway surfacing</p> |
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2. Background

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| 2.1 Highway maintenance in Sheffield | <p>All aspects of Highways Maintenance (from surfacing of footways and roads, litter and fly tipping removal, street lighting and street signs, gritting and environmental maintenance such as tree care and planting, flower beds and shrubs and grass cutting) is undertaken by Amey further to the Contract.</p> |
| 2.2 PFI promoted by Government | <p>PFI contract arrangements were promoted by the Government, where the private sector finances (holds the debt), to build and operate public sector infrastructure and then offsets this investment with the ongoing revenue of long-term management contracts. It provides a mechanism to bring a significant capital injection without increasing Government/public sector borrowing.</p> |
| 2.3 Scale & Scope is significant | <p>The scale and scope of the Contract is significant. It includes day to day management of our highway streetscene as well as capital investment in improving our roads and highway infrastructure:</p> <ul style="list-style-type: none">• Core Investment Programme (CIP) to bring roads and footpaths surfaces up to standard and replacement of ageing street lights and traffic signals.• Lifecycle Investment Programme (LIP) for ongoing maintenance of assets (roads, footpaths, street lighting, traffic signals, street trees, bridges/structures, verges)• Responsible for clearance of litter and fly tipping and grass cutting on highway network.• Winter maintenance (gritting priority routes and provision of grit bins) |
| 2.4 Contract with a Special Purpose Vehicle | <p>The Council Contract is with Amey Hallam Highways (AHH). This is a special purpose vehicle (SPV) company, established solely for the Sheffield contract. AHH holds the debt relating to the project which it off-sets against the payment received from the Council for the Contract.</p> |
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AHH sub-contract the delivery of the output including the investment works and day to day operations to Amey LG (Amey). Amey is a significant player in the infrastructure sector, holding contracts with other local authorities, National Highways and Network Rail. All references to discussions with the subcontractor Amey, include the SPV, AHH.

Buckthorn Partners and One Equity Partners (OEP) acquired Amey from its parent company Ferrovial in December 2022. Buckthorn is a UK investment firm focused on energy services businesses.

2.5 Amey's role

Amey delivers a combination of planned, cyclical, and reactive works to requests and complaints.

The output specification is set out in the Contract (Schedules of Service Standards for Core Service) with approximately 650 performance measures across these. Performance requirements range from annual submissions for planned works to response times of hours to incidents on the highway Network.

Examples of Service Standards areas are:

- Carriageways, structures, Street Lighting, Grounds Maintenance, Street Cleaning

For example, a Service Standard for Street Cleaning could be an activity of litter clearance and the performance measure would be responding to an enquiry from the public within 14 days. If Amey fails, there are a number of 'service points' deducted and every day they fail to meet that performance requirement that will mean further service points would be deducted.

A redacted version of the Contract is published on the Council website.

<https://www.sheffield.gov.uk/roads-pavements/streets-ahead/streets-ahead-documents>

2.6 Amey delivery is reported in several ways.

Amey delivery is reported in several ways:

- Quarterly performance challenge dashboard to SCC 'Performance & Delivery Board' See Section 2.10 to 2.13 where current performance is discussed further.
- Quarterly dashboard to the PFI Strategic Board (See Appendix 1 Strategic Board Quarter 1 2023_4 Dashboard)
- Monthly knowledge briefing open to all Waste and Street Scene Councillors delivered by the Head of Service.
- Monthly Report to each Local Area Committee relating to delivery in the area.

2.7 Monthly Management Reports	Amey is required to submit monthly payment reports requesting payment. These are checked and ratified at Board and then actual payment reports issued with invoices raised. The monthly payments are published in line with council's commitment to transparency and the Government recommendation for all spend over a certain threshold to be published.
2.8 Declaration of all known performance failures	Amey is required under the Contract to declare all known performance failures as part of the monthly bill submission. The council verify their claims through its own contact performance monitoring.
2.9 Remedies for Non-Performance	Clauses 71 to 76 of the Contract enable the Authority to terminate the Contract where there has been a breach or a series of breaches (as set out in the Contract) by Amey.
2.10 Service Improvement Plan: Carriageways and footways	<p>Amey did not meet the Contract requirements in relation to carriageway and footway surfacing 2021/22 and have been working in accordance with an improvement plan since April 2022 to achieve Contract compliance.</p> <p>Full compliance on carriageway and footway surfacing has now been achieved and Amey are no longer in default. Officers are satisfied with progress made by Amey in delivering against the agreed Service Improvement Plan.</p>
2.11 Key Performance Improvements: Carriageways and footways	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to June 23.</p> <p>As 2.9 above, carriageway and footway resurfacing has now met planned levels over the year. The overall road condition in Sheffield continues to benchmark well against national figures, maintenance should be considered on only 1% of A roads and 2% of B and C roads in Sheffield. This is under half of the national figure for each road type.</p>
2.12 Key Performance Improvements: hazardous potholes	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to June 23.</p> <p>Repairs to hazardous potholes have shown good performance throughout the year. These are potholes which are greater than 40mm in depth. It is notable that during quarter 4 of 2022/23 which is the winter seasonal peak Amey achieved 98.7% quarter average.</p> <p>Performance and discussions around lower category defects (pothole less than 40mm deep in carriageways and less than 20mm deep in footways) are set out in closed Appendix 3.</p>
2.13 Key Performance Challenges: customer	Please refer to Appendix 2 which shows the Customer Charter Measures to June 23.

enquiries & complaints

Complaints resolution within the 3 day and 28-day target has been variable across the year falling below 80% across the first quarter of 2023/24. Complaints where an investigation is required (28-day target) are driving this performance issue, whereas performance of those dealt with via the shorter problem-solving route are meeting target.

There are ongoing discussions relating to Amey's management of customer enquiries, Member enquiries and customer complaints which are set out in closed Appendix 3.

2.14 Key Performance: Fly tipping

Please refer to Appendix 2 which shows the Customer Charter Measures to June 23

Locally focused increases in fly-tipping incidents have been seen over the last quarter and incidents are being dealt with in line with timescales, however further increases may be seen as targeted action is conducted.

2.15 Key Performance: Street Lighting

Amey are performing well in street lighting with 99.9% of all lighting columns fully operational in June, July, and August. This is a consistent performance. The data is taken directly from our remote Central Management System (CMS) for monitoring of our street lighting columns. Over the last three months, on average it took just over half a day to repair any lamps which were not working. However, if the fault is related to the energy provider, then this takes closer to 9 days on average to repair. Although Amey are not directly responsible for the energy provider's performance, under the contract, they are expected to actively co-operate with them to reduce these timescales. They have managed to reduce the timescales through management meetings and daily updates of faults.

In addition, it is important to recognise Amey actively promoted the introduction of Light Emitting Diodes (LEDs) for street lighting. This roll out has helped significantly towards the reduction of our carbon and energy usage. Since the completion of the full roll out of LEDs in 2017/18 we have managed to reduce our carbon emissions from 6,848 to 2,535 in tonnes of CO₂ and our energy consumption has also reduced from 17,953,077 kWh to 12,146,027 kWh in 2022/23.

2.16 Developing new trial ways of working: Cleansing Standards

Officers are aware of ongoing issues with general street cleansing standards where the input specifications are not being met.

To actively improve this, officers have worked with Amey to develop better ways of working subject to contract negotiations, which include:

- Area based approach with a trial in the eastern part of the city. This is focused on moving away from rigid cleansing regimes, promoting greater flexibility by utilising area-based

teams, and embedding services in communities to target local issues. It should be implemented before the end of 2023.

- Reset of cyclical cleansing over a 17-week period. We are seeing enhanced levels of engagement with members of the public following the introduction of the 'FixMyStreet' app which has increased reporting of issues at community level. This will commence by the end 2023.
- City Centre cleansing trial moving to an output specification and deploying resources where needed to achieve the required cleansing standard is programmed to start by the end of 2023.
- A forward plan to target leaf clearance is being developed for this year to clear footpaths and prevent leaf fall turning into detritus and affecting access.

2.17 Moving to planned programmes: Drainage.

There are some areas of concern related to cyclical and reactive drainage maintenance works with failure to meet contractual timescales and outputs. Officers accept that there are genuine challenges around responding to complex drainage issues and it has been agreed to address these matters with a 12-month programmed approach. The tracking of progress and monitoring of these programmes is currently being finalised with technical officers.

2.18 Improvements to strengthen monitoring & auditing function.

Although PFI contracts are intended to be self-reporting, there is a requirement to draw a distinction between this and monitoring. There is a clear need for a stronger monitoring/auditing function for public sector bodies managing PFI contracts and this requires greater capacity and capability. The Council have already made changes to the internal staffing structure to better support the management and monitoring of the Contract as follows:

- The governance arrangements across Service Operational, Management and Strategic Boards are being reset.
- New monthly performance sessions with Directors and Executive Directors
- A new dedicated Assistant Director of Highways post. Role was previously split between Highways and Waste
- An experienced interim manager has been recruited to lead and manage highways until the new Assistant Director starts.
- Review of Highways Maintenance Division roles/grades and new recruitment drive for inspectors and managers to fill long term vacancies.
- External health check of the Streets Ahead PFI via the government's centre of expertise for infrastructure and major projects.

3. How does this decision contribute?

Strong and Connected neighbourhoods

Our Sheffield Delivery Plan 2022/23 details six strategic priorities for the council, one of which is Strong and connected neighbourhoods, which people are happy to call home.

The new ways of working and continuous service improvements will contribute to improving resident satisfaction levels with the roads and pavements, street cleansing and drainage.

4. Has there been any consultation?

4.1 NHT & customer satisfaction surveys

The council and Amey subscribe to the National Highways and Transport (NHT) annual survey since the start of the contract in 2012. This is a national opt in survey covering highways maintenance and road use including public transport of around 1,000 respondents in Sheffield.

Sheffield performs well and this information is reported at the PFI Strategic Boards. However, despite year-on-year improvement the results have plateaued.

5. Risk analysis and implications of the decision

5.1 Equality Implications

This report is a review of current performance, and therefore no changes are proposed to policy or service delivery.

5.2 Financial and Commercial Implications

The monthly spend on the Amey contract is published (section 2.7)

5.3 Legal Implications

There are a number of provisions in the Contract which enable effective contract performance management and remedies for non-performance.

The Council should ensure that it keeps adequate records of all communications with Amey relating to non-performance and be sure not to waive any of its rights when discussing or agreeing remedial plans.

5.4 Sheffield has adopted a Net Zero 2030 City target. Climate Implications

As this is a report on current performance and no changes are proposed to policy or service delivery, there are no new or additional climate impact implications arising from this report.

As part of the council's pathway to net zero, Amey's fleet was included in the Council's carbon emissions baseline and as such, we will be collaborating with them to decarbonise their fleets and they will provide annual emissions reporting. In addition, the way in which we manage our land to increase carbon sequestration opportunities is a key priority and Amey are already collating data on this which will be supplied as part of the Council's decarbonisation targets.

Headline carbon impact performance and fleet composition is included in the quarterly PFI Strategic Board's Dashboards.

6. Alternative options considered.

6.1 No other options were considered Not applicable.

7. Reasons for recommendations

7.1 Members are asked to note compliance, trials of new ways of working and remaining areas of concern The reason for this report is for the Committee to note the points outlined above and in the closed Appendix 3 and note Officers proposed way forward.

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