



## Report to Policy Committee

**Author/Lead Officer of Report:** Mohamed Edroos, Assistant Director – Highways Maintenance

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**Report of:** Ajman Ali, Executive Director of Operational Services  
**Report to:** Waste & Street Scene Policy Committee  
**Date of Decision:** 13 March 2024  
**Subject:** Amey Performance Update 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 type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
<i>Appendix 1 &amp; 3 of this report is not for publication because it contains exempt information under paragraph 3 of schedule 12A of the Local Government Act 1972 (as amended)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 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
- Note the trials on new ways of working for street cleansing, leafing and planned drainage programmes.
- Note performance with customer responses is improving and the Authority continues to work with Amey to finalise an Action Plan.
- Note areas of improvement to strengthen monitoring and auditing function.

**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 \(www.gov.uk\)](https://www.gov.uk/government/statistics/road-condition-statistics-data-tables-rdc)

Lead Officer to complete: -						
1	<table border="1"> <tr> <td rowspan="4">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.</td> <td>Finance: Adrian Hart</td> </tr> <tr> <td>Legal: Rahana Khalid/Rita Collins</td> </tr> <tr> <td>Equalities &amp; Consultation: Louise Nunn</td> </tr> <tr> <td>Climate: Davina Millership</td> </tr> </table>	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
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	<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	<b>SLB member who approved submission:</b> <i>Ajman Ali. Executive Director Operational Services</i>					
3	<b>Committee Chair consulted:</b> <i>Cllr Joe Otten, Chair of Waste and Street Scene Policy Committee</i>					
4	<p>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.</p> <table border="1"> <tr> <td><b>Lead Officer Name:</b> <i>Mohamed Edroos</i></td> <td><b>Job Title:</b> <i>Assistant Director – Highways Maintenance</i></td> </tr> <tr> <td colspan="2"><b>Date: 13 March 2024</b></td> </tr> </table>	<b>Lead Officer Name:</b> <i>Mohamed Edroos</i>	<b>Job Title:</b> <i>Assistant Director – Highways Maintenance</i>	<b>Date: 13 March 2024</b>		
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<b>Date: 13 March 2024</b>						

## 1. Summary

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<b>1.1</b>	<b>This paper asks Members</b>	<p>To note the closed Appendix 3</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>Note performance with customer responses is improving and the Authority continues to work with Amey to finalise an Action Plan.</p>
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## 2. Background

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<b>2.1</b>	<b>Highway maintenance in Sheffield</b>	<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>
<b>2.2</b>	<b>PFI promoted by Government</b>	<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>
<b>2.3</b>	<b>Scale &amp; Scope is significant</b>	<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"><li>• Core Investment Programme (CIP) to bring roads and footpaths surfaces up to standard and replacement of ageing street lights and traffic signals.</li><li>• Lifecycle Investment Programme (LIP) for ongoing maintenance of assets (roads, footpaths, street lighting, traffic signals, street trees, bridges/structures, verges)</li><li>• Responsible for clearance of litter and fly tipping and grass cutting on highway network.</li><li>• Winter maintenance (gritting priority routes and provision of grit bins)</li></ul>
<b>2.4</b>	<b>Contract with a Special Purpose Vehicle</b>	<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> <p>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,</p>

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.

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**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>

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**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 closed Appendix 1 Strategic Board Quarter 3 2023 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	<b>Monthly Management Reports</b>	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	<b>Declaration of all known performance failures</b>	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 contract performance monitoring.
2.9	<b>Remedies for Non-Performance</b>	Clauses 71 to 76 constitute the only breaches of this Contract or any Project Document which shall permit termination of this Contract by the Authority.
2.10	<b>Service Improvement Plan: Carriageways and footways</b>	<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 was achieved prior to September 2023 committee 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	<b>Targeted Areas of Improvement</b>	<p>At the September 27, 2023, Waste &amp; Street Scene Policy Committee, discussions were centred on performance of Amey's management of repairs to lower category footway and carriageway defects and customer services in particular the time within which Amey would close enquiries and complaints raised by the public. The closed Appendix 3 addresses Ameys performance to date with respect to this specific area.</p> <p>In summary, Amey have proposed to apply additional resource to address the backlog of raised defects, early results show that the backlog is not reducing, however council officers acknowledge that adverse weather conditions experienced in recent months have limited Amey's ability to target reductions on this backlog.</p>
<b>3. Key Areas of Performance</b>		
3.1	<b>Key Performance Improvements: Carriageways and footways</b>	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to January 2024</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 for the year ending in 2023, maintenance should be considered on only 2% of A roads and 3% of B and C roads in Sheffield. This is under half of the national figure for each road type although this is a slight decline when compared to figures reported for year ending 2022 where maintenance was recorded to be considered for only 1% of A roads and 2% of B and C roads.</p>

3.2	<b>Key Performance Improvements: hazardous potholes</b>	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to January 2024.</p> <p>Repairs to hazardous potholes have shown good performance throughout the year. These are potholes which are greater than 40mm in depth. Following on from the September 2023 Waste and Street Scene Committee hearings, performance has continued to be good averaging 99.5% per month up to month ending January 2024.</p> <p>Performance to date 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>
3.3	<b>Key Performance Challenges: customer enquiries &amp; complaints</b>	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to January 2024.</p> <p>Complaints resolution within the 3 day and 28-day target was variable falling below 80% across the first quarter of 2023/24. Complaints where an investigation is required (28-day target) were driving this performance issue, whereas performance of those dealt with via the shorter problem-solving route were meeting targets.</p> <p>Amey have modified their Customer Experience Team which includes a newly appointed Customer Experience Manager. The team have been working to address the backlog of complaints and enquiries.</p> <p>Performance has progressively improved through the 3<sup>rd</sup> quarter of 2023/24 and had reached 86.5% completion in January 2024.</p> <p>There remain ongoing discussions relating to Amey's management of customer enquiries, Member enquiries and customer complaints which are set out in closed Appendix 3.</p>
3.4	<b>Key Performance: Fly tipping</b>	<p>Please refer to Appendix 2 which shows the Customer Charter Measures to January 2024.</p> <p>Fly-tipping incidents continue to rise across the city, with a 15% increase having been seen over the last quarter when compared to 2023 figures.</p> <p>What may conjure up the traditional images of what is a “fly tip” – such as builders waste or dumped tyres now in reality only makes up a tiny proportion of the overall waste recorded – for example in January 2024, building waste made up only around 3.5% of total instances being recorded city wide.</p> <p>The practice of leaving bagged household waste at the side of street litter bins is accounting for much of the fly tipping in Sheffield.</p> <p>Amey's performance in removal of fly tipped waste remains effective, with incidents consistently being dealt with in line with contractual timescales, however removing the waste in such an effective manner may only be serving as an incentive for such</p>

leaving of waste and further increases may be seen unless targeted action is conducted.

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<b>3.5</b>	<b>Key Performance: Street Lighting</b>	<p>Amey is performing well in street lighting with a monthly average of 99.9% of all lighting columns fully operational between September 2023 and January 2024. This is 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.</p> <p>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.</p>
<b>3.6</b>	<b>Developing new trial ways of working: Cleansing Standards</b>	<p>Officers are aware of ongoing issues with general street cleansing standards where the input specifications are not being met.</p> <p>As was fed back in the report of September 2023, officers have worked with Amey to implement a number of trials of innovative ways of working which include:</p> <p><b>Roll out of the City Centre "Onion Model":</b></p> <ul style="list-style-type: none"><li>• A demand prediction based model for City Centres was developed and rolled out in late 2023, with operatives having dedicated territories based on footfall demand during the day for specific types and usages of areas in the City Centre.</li><li>• The focus was to target the cleansing operation to achieve a welcoming and clean City Centre experience for businesses, visitors and the general public whilst moving away from an "input" specification where operatives had to attend each street in the city centre on a hierarchical basis and to a set frequency which wasn't deemed to meet the changing needs of the City Centre.</li><li>• Amey's performance against this new model has been benchmarked using the DEFRA Code of Practice for Litter and Refuse (COPLAR) and NI 195 standards against</li></ul>

previous survey data and has shown a significant uplift both in terms of the overall gradings achieved, as well as a significant reduction in the number of sites being below an acceptable standard.

- In simple terms this means the city centre has become cleaner and is staying cleaner for longer.
- A further audit is planned for February and March 2024 which will then feed into any longer-term contractual changes and negotiations.

### **Area based approach with a trial in the eastern part of the city.**

- This trial was 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.
- Keep Britain Tidy undertook an independent benchmarking audit of the area in late 2023, with the findings being sent to the Authority just before Christmas.
- Keep Britain Tidy's findings were that contrary to widely held views, the Eastern LAC area as a whole actually performs relatively well for highway areas, being within 1.6% of the national average for litter levels.
- This being said, very low prevailing levels of litter in Park, Arborthorne and Richmond areas which perform significantly better than the national average lift the overall scores for the area.
- Darnall Ward poses a more significant, standalone challenge, falling well below the national average for littering with 18.67% of all streets currently below the acceptable standard.
- Although a set of routes has been devised for this area of the city, it has proven problematic to meet the staffing resource required to deliver this project whilst maintaining consistency to meet demands from all other service areas of the Streets Ahead contract and indeed the Street Cleansing demands across the city (such as managing the uplift in fly tipping incidences reported in section 2.14).

The Authority continue to work to find an appropriate compromise position with Amey and in the interim period, a dedicated "barrow" operative is working in the Darnall area.

### **Reset of cyclical cleansing over a 17-week period.**

We continue to see 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.

### **A plan to target leaf clearance**

- Amey delivered an intensive leaf fall removal programme over the Autumn and early Winter to clear footpaths and prevent leaf fall turning into detritus and affecting access.
- This project was focussed primarily on drainage hotspots and areas prone to flooding to help manage rainfall and a limited route schedule was published on the Council's website.
- Delivery from Amey was effective having provided significant resource from grounds maintenance teams after the grass cutting season had ended to uplift overall availability of operatives for this work.
- Amey have also supported takeup from voluntary community groups which has also seen local residents supporting the leaf removal endeavours by providing tonne bags and collection service so that heavily parked streets can be targeted on a more piecemeal basis as and when cars move.

Lessons learned for future years would be to look to publish more detailed information rather than an indicative programme, and to look to build upon the community involvement element.

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### **3.7**

#### **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 was previously agreed to address these matters with a 12-month programmed approach.

Amey has attempted to meet its programme requirements for these drainage issues, but it is acknowledged that a number of significant storm events during the winter period resulted in Amey adjusting their priorities by focussing primarily on reactive maintenance during this period. Amey is now focussed on transitioning towards returning to delivering the programmed works as they follow on from completing repairs raised as part of the reactive maintenance works.

See closed Appendix 3 for an update to the planned drainage maintenance programme.

A Drainage Action Plan is currently under production. Amey have shared an advanced draft version to get early feedback from SCC before finalising this action plan. This Action Plan will aim to address the backlog in programmed works as well as an

emphasis on cyclic maintenance works that form part of the preventative maintenance strategy.

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<b>3.8</b>	<b>Improvements to strengthen monitoring &amp; auditing function.</b>	<p>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:</p> <ul style="list-style-type: none"><li data-bbox="600 898 1469 994">• The governance arrangements across Service Operational, Management and Strategic Boards are being reset.</li><li data-bbox="600 1021 1469 1084">• New monthly performance sessions with Directors and Executive Directors</li><li data-bbox="600 1111 1469 1323">• A new dedicated Assistant Director of Highways was appointed in January 2024. The role was previously split between Highways and Waste. The Assistant Director will transition into the role from the current interim manager with the aim of taking over all aspects of this role by March 2024.</li><li data-bbox="600 1350 1469 1447">• A Review of Highways Maintenance Division roles/grades has started and new recruitment drive for inspectors and managers to fill long term vacancies has also commenced.</li><li data-bbox="600 1473 1469 1576">• An External health check of the Streets Ahead PFI via the government's centre of expertise for infrastructure and major projects.</li></ul>
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#### **4. How does this decision contribute?**

<b>4.1</b>	<b>Strong and Connected neighbourhoods</b>	<p>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.</p> <p>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.</p>
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## 5. Has there been any consultation?

- 5.1 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. The recent 2023 NHT survey indicated a slight decline in customer satisfaction with respect to highway maintenance.

## 6. Risk analysis and implications of the decision

### 6.1 Equality Implications

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

### 6.2 Financial and Commercial Implications

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

### 6.3 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.

### 6.4 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.

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**7. Alternative options considered.**

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**7.1** No other options were considered      Not applicable.

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**8. Reasons for recommendations**

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**8.1** 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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