



**Author/Lead Officer of Report:** Philip Beecroft,  
Head of Highway Maintenance  
**Tel:** 0114 273 5911

**Report of:** Laraine Manley, Executive Director, Place Portfolio  
**Report to:** Councillor Mark Jones, Cabinet Member for Environment, Streetscene and Climate Change  
**Date of Decision:** 31<sup>st</sup> January 2020  
**Subject:** Highway Maintenance Service Delivery Changes

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Environment, Streetscene and Climate Change		
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing		
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? 437, 439, 443, 725		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
The closed Appendix A is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		

**Purpose of Report:**

Report seeking approval from the Cabinet Member for Environment, Streetscene and Climate Change for a series of proposals to implement changes to some areas of the highway maintenance service delivered by Amey Hallam Highways Ltd (AHHL) under the Streets Ahead contract.

**Recommendations:**

It is recommended that the Cabinet Member for Environment, Streetscene and Climate Change:

- (1) approves the proposed changes to the Highway Maintenance Services detailed in section 1, Closed Appendix A and Appendix B of this report are implemented in full subject to the following:
  - (a) costs associated with implementing the proposed changes do not exceed the costs listed in Closed Appendix A of this report; and
  - (b) the associated changes to the Contract are commercially acceptable to the Council and bring a cost saving to the Council of not less than £300,000.
- (2) approves the amended Highway Tree Replacement Policy, as outlined in the report and at Appendix B.
- (3) delegates authority to the Director of Finance and Commercial Services in consultation with Legal Services to agree that the associated changes are commercially acceptable to the Council.

**Background Papers:** None

<b>Lead Officer to complete:-</b>	
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: Chris Nicholson
	Legal: Sarah Bennett and Gemma Day
	Equalities: Annemarie Johnstone
<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>EMT member who approved submission:</b> Laraine Manley
3	<b>Cabinet Member consulted:</b> Cllr Mark Jones
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 Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> Philip Becroft
	<b>Job Title:</b> Head of Highway Maintenance
<b>Date:</b> 31 <sup>st</sup> January 2020	

## **1. PROPOSAL**

- 1.1 The Streets Ahead contract (the Contract) is a 25-year PFI Contract which commenced in 2012 with services provided by Amey Hallam Highways Ltd (AHHL).
- 1.2 As part of the continuous review of the services delivered under the Contract, opportunities to improve the efficiency and effectiveness of the service have been identified which will simplify some aspects of the Performance Requirements resulting in efficiency savings to the Council for the remaining term of the Contract.
- 1.3 The changes proposed are limited to Service Standards 1, 4 and 6 of Schedule 2 (Output Specification). The elements of the service affected by the changes are as follows:
1. Management Information Systems (MIS)
  2. Customer Experience
  3. Urgent Defects and Category 1 Defects
  4. Street lighting – Distribution Network Operator (DNO)
  5. Addition of a new Excusing Cause in respect of the Output Specification associated with the revised approach to street tree works.

Each of the proposals is detailed in the subsequent paragraphs.

### **1.4 Management Information System (MIS) Performance Requirements**

- 1.4.1 Service Standard 1; Schedule 2 (Output Specification) of the Contract includes a number of Performance Requirements relating to the installation, management and operation by AHHL of the MIS which securely stores and processes data and produces reports related to the delivery of highway maintenance services.
- 1.4.2 A number of the Performance Requirements relate to read only access to the MIS by Council officers for contract monitoring purposes. Following consultation with the Council's Business Change and Information Solutions service, it is proposed that a number of these Performance Requirements could be deleted or amended without having a detrimental impact on the availability or functionality of the MIS or the ability for Council officers to access information. In return for these changes, AHHL are willing to offer a reduction in the Annual Unitary Charge (AUC) paid by the Council.
- 1.4.3 The proposed changes comprise:
- The deletion of an average response time when AHHL's MIS are accessed by the Council. Compliance with this Performance Requirement has, to date, been difficult to monitor and enforce with performance generally being of an acceptable standard.

- The deletion of an average response time for the MIS to enquiries from Council hosted systems. Again, compliance with this Performance Requirement has been difficult to monitor and enforce with performance generally being of an acceptable standard.
- The deletion of average response times for AHHL systems that fall outside of the definition of MIS. As with the other changes outlined above, compliance with this Performance Requirement has, to date, been difficult to monitor and enforce with performance generally being of an acceptable standard.
- A minor reduction in the level of connectivity required by the Council to the MIS.
- An extension to the period of time that AHHL have to respond to a request by the Council for data held in the MIS. This extension of time now brings such requests in line with the timescales for dealing with other requests for information not held in the MIS.
- An extension to the timescales in which AHHL are required to deliver training to Council officers following changes or upgrades to the MIS.

Given the Council's ability to obtain any information it may require from AHHL (whether held in the MIS or data storage system), and the low impact of the proposed MIS changes on the delivery of highway maintenance services, it is recommended that the above changes be approved. The proposed changes to the Performance Requirements are shown as tracked changes in Closed Appendix A.

## 1.5 **Customer Experience Performance Requirements**

- 1.5.1 Service Standard 1; Schedule 2 (Output Specification) of the Contract includes a number of Performance Requirements relating to Customer Experience which were originally included to ensure that AHHL complied with the Council's Customer Charter, the Members Protocol and the Complaints Policy.
- 1.5.2 In 2017, the Council replaced its Customer Charter with a new set of Customer Commitments. The Members Protocol and Complaints Procedure remained unchanged. As a result of these changes, contractual amendments have been discussed with AHHL which will, if approved, represent an efficiency saving to the AUC paid by the Council.
- 1.5.3 The proposed changes will not affect the timescales in which AHHL respond to Members, MPs or MEPs or the timescales for handling and responding to customer complaints.
- 1.5.5 The impact of the proposed changes are as follows:
- Unless the request is complex, customers requesting information relating to the Streets Ahead works can expect a response within 14 days. Where the request is deemed to be complex, a response

will be provided within 28 days. This is in line with the principles of the Council's Customer Commitments.

- The requirement for AHHL's Operational Control Room to answer telephone calls within 20 seconds (as set out in the Customer Charter) has been replaced with a requirement to answer 95% of calls within a reasonable period. The Council's Customer Commitments do not include a commitment to answer telephone calls within a set period, but the changes proposed to the Contract reflect the standards applied in most call centre environments.

1.5.6 There are a number of other changes to the Customer Experience Performance Requirements which will not impact on the service delivered to the public but which will improve the efficiency and effectiveness of the internal processes used to exchange information between AHHL and the Council relating to responding to customer enquiries. The proposed changes to the Performance Requirements are shown as tracked changes in Closed Appendix A.

1.5.7 In order to align the Contract with the Council's Customer Commitments, it is recommended that the changes to the Customer Experience Performance Requirements are approved.

## 1.6 **Urgent Defects and Category 1 Defects Performance Requirements**

1.6.1 Service Standard 1; Schedule 2 (Output Specification) of the Contract includes a number of Performance Requirements relating to responding to Urgent Defects and Category 1 Defects on the highway network. AHHL are required to attend site to make safe and carry out a temporary or permanent repair generally undertaken by an AHHL Incident Support Unit (ISU) vehicle, with additional support as necessary following initial attendance at the incident.

1.6.2 The proposed change is based upon removing the duplication of risk associated with the contractual Schedule 1 (Definitions) of Urgent Defect and Category 1 Defect. The Definitions are so similar that the Definitions and the associated Performance Requirements can be combined to provide a responsive service to a safe and appropriate standard. It is proposed to delete the Urgent Defect Performance Requirement and amend the Category 1 Defect Performance Requirement as described below. This revised Performance Requirement and Definition will be referred to as a Category 1 Defect.

1.6.3 The proposed new combined Definition is:

"Category 1 Defect" will mean any fault or defect in or on the Project Network that requires prompt attention because it represents an imminent hazard to the safety of the Project Network users or because there is a risk of short-term structural deterioration of a Project Network Part or Project Network Parts.

1.6.5 The proposal means that during the business day (06:00 to 18:59, Monday-Friday) the service will remain unaffected, meeting existing Performance Requirements of attendance and make safe within one hour with two ISU teams in operating out of the Olive Grove and Ecclesfield Depots. Outside the business day (hours 19:00 to 05:59, Mon - Sun) the resource will reduce to one ISU team operating from the Olive Grove Depot and will meet the revised response period of two hours.

1.6.6 The service out of hours will be on a priority basis, with resilience being provided by the other members of AHHL staff from work streams that also operate out of business day hours. Resilience will be provided through the following:

- Out of hours Supervisor – AHHL have a dedicated Supervisor on site out of hours who is responsible, principally for the winter maintenance service. This supervisor will be responsible and supported by the Duty Manager to prioritise calls and allocate resources.
- Throughout the week AHHL have night working sweeping, gully cleansing and litter bin emptying teams who can be diverted to support the ISU. Over the weekend in addition to the sweeper and bin teams, cyclic maintenance teams can be diverted to support ISU as required.
- Over the winter period AHHL have resources that can be called upon to support the ISU outside of gritting provision if the weather conditions are favourable.
- AHHL also have resources on standby within the Electrical and Arboricultural teams, during periods of known weather events additional resources can be put on readiness.

1.6.7 For the avoidance of doubt, Highways Emergencies are covered by separate Performance Requirements and are not affected by this proposal.

1.6.8 The proposal has been trialled on the highway network since July 2019 with no negative feedback or service delivery issues in complying with the proposed revised Performance Requirements therefore it is recommended that the changes to the Urgent Defects and Category 1 Defects Performance Requirements are approved. The proposed changes to the Performance Requirements are shown as tracked changes in Closed Appendix A.

## 1.7 **Street Lighting – Distribution Network Operator (DNO) Related Performance Requirements**

1.7.1 Service Standard 4; Schedule 2 (Output Specification) of the Contract

includes a number of Performance Requirements relating to Street Lighting outages due to DNO power supply system faults. For information a DNO is a company licensed to distribute electricity in the UK and accordingly are responsible for the distribution cabling network up to the actual supply point.

- 1.7.2 The Performance Requirements in relation to AHHL's relationship with the DNO were written to encourage AHHL to manage the nationally agreed industry SLA between the Council and the DNO to drive a better level of service and achieve a reduction in the length of time taken for the DNO to rectify faults on the network which affect the supply of electricity to street lights.
- 1.7.3 To date DNO performance has been variable (usually based on seasonal increase of issues during the winter period) but they have a current average response time of approximately 11 days. This is far better performance than the agreed timescales of the SCC/DNO performance level agreement currently in place of 25 working days, but still puts the DNO above the aims of the Streets Ahead contractual Performance Requirement on AHHL which is currently 10.8 days.
- 1.7.4 With the increased use and installation of Telensa (a computer controlled street lighting management system) this has led to an increase in faults being identified on the distribution network. The positive aspect of this is that these are identified to the DNO more quickly and will in time plateau as improvements are carried out to the supply network and will eventually provide a more stable, maintained and improved street lighting network.
- 1.7.5 OFGEMs proposed minimum benchmarks following consultation (carried out in February 2007) with Local Authorities throughout the UK require DNOs to rectify 60% of faults in in 10 days and 80% in 20 days. These metrics are consistently exceeded by the DNO within the city but still leave AHHL with a significant risk of performance deductions.
- 1.7.6 Given the continued effort AHHL have put into working with the DNO to get them to respond promptly to DNO street lighting faults and OFGEMs proposed minimum benchmarks, the performance risk carried by AHHL has been found to be disproportionate therefore it is recommended that the following changes to the Performance Requirements are approved:

Annexure 2 to Service Standard 4

Change [ x ] 'Days' to Working Days' to allow more time for the DNO to respond; and a gradual improving response target over the remaining 17 years of the Contract with a response time of 20 Working days from Year 11 onwards. The proposed changes to the Performance Requirements are shown as tracked changes in Closed Appendix A.

**1.8 Revised Approach to Street Tree Maintenance**

- 1.8.1 The replacement of trees on the highway is an element of the grounds

maintenance service included in Service Standard 6; Schedule 2 (Output Specification) of the Contract.

- 1.8.2 Owing to the change in service delivery to a 'retain and phase' approach following the mediated talks in Autumn 2018 a change is required comprising the inclusion of an additional type of Excusing Cause which will permit AHHL to request relief from Performance Adjustments for failing to achieve the standards in the Output Specification where a retain and phased replacement of a specific highway tree has been utilised. Retain and phase works are essentially of a short term nature and include the following; installation of flexible paving, thinner kerbs, in-situ cast kerbs, carriageway build-outs and arboricultural works such as crown reduction. The aim is to retain specific trees for longer to allow phasing of any replacements to minimise the impact on the streetscene.
- 1.8.3 The Council's approval to a request for relief from AHHL will be conditional upon them evidencing the works they have undertaken in order to retain a street tree and the temporary phasing thereafter of the replacement of the street tree.
- 1.8.4 The additional provision will be a new limb (q) under Excusing Cause as follows:  
“(q) in circumstances where a non-compliance with Schedule 2 (Output Specification) occurs as a direct result of the Service Provider applying, with the agreement of the Council, the retain and phase options detailed in the Highway Tree Replacement Policy (as set out in Schedule 29 (Authority Policies)).“
- 1.8.5 To effect this the existing Highway Tree Replacement Policy included in Schedule 29 (Authority Policies) will need to be amended as highlighted at point 8 in Appendix B to include the new retain and phase approach.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 Identifying efficiency savings to reduce the AUC negates the impact of cutting vital services elsewhere in the Council.
- 2.2 No one area of the city or section of the community will be affected specifically by the changes proposed. There will be no impact to the health and wellbeing of residents or change to us being an in-touch organisation. There will be a potential but minimal impact on local economy due to job losses within AHHL through efficiency savings.

## **3. HAS THERE BEEN ANY CONSULTATION?**

No public consultation is required for the proposed changes.

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**



#### 4.1 Equality of Opportunity Implications

4.1.1 The Equalities Impact Assessments have concluded that there are no equalities implications, positive or negative from these proposals.

#### 4.2 Financial and Commercial Implications

##### **Efficiency Savings**

4.2.1 The proposed changes to the Contract will reduce the AUC payment to AHHL by a minimum of £300,000 per annum. This would be in line with the budget saving proposal contained within the Council's budget setting report in March 2019.

4.2.2 This would give a total efficiency saving of over £5.0m over the remainder of the Contract term. It should be noted that only a part year saving will be realised in 2019/20 allowing for the contract change process to be undertaken with AHHL and the Contract funders.

4.2.3 Commercial discussions have been underway for sufficient time for there to be confidence in this level of saving. Factors that may affect the final cost one-off costs of the saving are any changes to the workforce which cannot be mitigated through redeployment.

##### **Cost of Change**

4.2.3 The estimated cost of processing this contract change is £100,000. This cost and any subsequent employee costs associated from the change will be funded as a first call on the savings being delivered.

#### 4.3 Legal Implications

4.3.1 The Contract contains a Medium Value Change mechanism that would allow the proposed changes to be made. The Council also has a general power of improvement under section 62 of the Highways Act 1980, to improve the highways as well as a duty to maintain highways maintainable at public expense under section 41 of the Highways Act 1980. Under the Local Government Act 1972, the Council has a subsidiary power to do anything that is conducive or incidental to its functions.

4.3.2 When it was procured the Contract was above the public procurement financial thresholds and consequently was procured under a regulated procurement procedure. If the Contract is changed to a material degree, it may be held that there is, in fact, a new contract, which should have been re-tendered in accordance with European and national procurement law and the resultant contract could be held ineffective.

4.3.3 The proposed changes are not considered to be a material change to the existing contract because these services are still being delivered using alternative methods; and there is no change in the balance of risk

between the Council and AHHL. AHHL still retain operational risk in terms of service delivery and the financial risk of performance failure for each of the performance standards remains unchanged.

#### 4.4 Other Implications

##### 4.4.1 HR Implications

There are no Council HR implications associated with the proposed changes but it is anticipated that AHHL will need to undertake a review of staffing levels which will involve consultation with the Trades Unions and affected employees. Redeployment is the first option but the potential maximum costs of any redundancies are included in the Closed Appendix A.

### 5. **ALTERNATIVE OPTIONS CONSIDERED**

#### 5.1 **Do Nothing**

The continuous strive for improvement and value for money in the services delivered by the Council means that doing nothing is not an option. The cuts to the Council's budget require all services to identify efficiency savings including outsourced services such as highway maintenance.

Councils' are constantly challenged to be innovative. Services cannot remain unaffected by budgetary constraints but where possible, technological innovations are being introduced. Some of the proposed changes have been generated by joint working between AHHL and the Council. Doing nothing in the current budgetary climate is not a viable option.

#### 5.2 **Include Alternative Communication and Consultation Performance Requirements**

5.2.1 The Communication and Consultation Performance Requirements in the Contract include a requirement for AHHL to write to all residents on any road that are likely to be affected by Streets Ahead works at least two weeks in advance of the works on that particular road starting.

5.2.2 In addition to complying with this requirement, AHHL have always placed signage on roads affected by their works in order to inform and update residents and other road users that works are due to commence. The signage also contains information about the duration of the works and contact details to assist anyone wishing to obtain more information about the works.

5.2.3 The practices outlined above are in excess of the notifications used by most local authorities when undertaking highway maintenance works.

- 5.2.4 AHHL have proposed changes to this approach in return for a reduction in the Annual Unitary Charge. The proposals were to remove the requirement to write to all residents on any roads likely to be affected by Streets Ahead works in advance of the works starting. Instead, it was proposed that on street signage would be utilised alongside an enhancement to the information on the Council's website about impending highway maintenance works.
- 5.2.5 In June/July 2019, a proposal was trialled in order to assess the impact on the public and on the number of contact/complaints received as a consequence.
- 5.2.6 The trial highlighted several scenarios that had not been envisaged and as discussions around this proposal continued to be developed it became clear that the aspirations of the Council in keeping the public and businesses informed of works likely to affect them would not be met by this approach as it was proving impossible to identify a set of criteria that could be effectively monitored to check compliance with the contract.
- 5.2.7 As a result, following further discussions it was decided not to pursue this option at this time.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The proposed changes improve the efficiency and effectiveness of the highway maintenance service thereby making a saving without detriment to the service provided to the public. Where appropriate, trials were carried out with no increased customer contact.