



## Report to Economic and Environmental Wellbeing Scrutiny & Policy Development Committee

**Report of:** Paul Billington

**Subject:** Post Core Investment Period Review of Streets Ahead Contract

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**Summary:**

Following the completion of the Core Investment stage of the Streets Ahead contract the Scrutiny Committee has requested an update on the contract to look at service delivery performance, contract issues and future work programmes.

**Type of item:** The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	✓
Update on previous Scrutiny Committee report	

**The Scrutiny Committee is being asked to:**

Receive an update on Streets Ahead works to date and future programme plans.

**Background Papers:**

List any background documents (e.g. research studies, reports) used to write the report. Remember that by listing documents people could request a copy.

**Category of Report:** OPEN

# **Report of the Director of Culture and Environment**

## **Post Core Investment Period Review of Streets Ahead Contract**

### **1. Introduction**

- 1.1 The report covers the background to the Streets Ahead contract, achievements to date, contractual issues and the future programme of works.

### **2. Background**

- 2.1 Streets Ahead came into being as a result of the Council recognising it needed to address the declining condition of its highway network. Like many other Councils it had battled against a long period of budget cuts and the highway network had suffered as a result.

- 2.2 To address this problem, the opportunity was taken to apply to central government for PFI credits. The bid process and subsequent success in achieving approval for a highway maintenance PFI from central government was approved by all major political parties in 2011.

- 2.3 The funding for Streets Ahead is outlined below:

Over the 25 year term of the contract the Unitary Charge, Street Lighting Energy Costs and associated liabilities and provisions now total £1.95bn. This is a reduction from the original estimated figure of £2.2bn as a result of savings achieved to date.

- 2.4 This is funded by:

PFI credits from Department for Transport (DfT): £1.2bn  
Existing Council highways revenue budget of circa £30m pa which has been increased by additional budget commitments of £1.8m pa to give a total of £0.7bn.

- 2.5 In addition, in order to reduce the level of private sector debt and to reduce the Unitary Charge the Council has made capital contributions towards the improvement of the highways asset investing £135m. These capital contributions are funded from prudential borrowing with the debt duration in line with the Councils usual asset life of 20 years for the street lighting element and an asset life of 40 years for the roads.

- 2.6 As evidenced, the majority of the funding for the Unitary Charge is from the DfT and it is a ring-fenced grant.

- 2.7 The additional funding from the Council on top of the pre-existing highway maintenance budget has been gradually increased on an annual basis to match the increasing cost profile of the Unitary Charge and has been built into the Councils long term financial planning.

- 2.8 Since the start of the contract a number of joint initiatives with Amey have been implemented to further reduce the cost of the Unitary Charge in an attempt to mitigate the Council's increasing budgetary pressures at

that same time as preserving the overall aims of the contract. These initiatives include a refinancing in 2016 and changes to the street cleaning and grounds maintenance service introduced in April 2018. Work will continue throughout the contract to review opportunities to work with Amey to reduce contract costs.

- 2.9 Benefits to the city of the Streets Ahead contract include an improved image of the city helping to attract inward investment, dispel the pothole city tag, reduced CO<sup>2</sup> from the new LED street lighting system and smoother, safer roads leading to fewer accidents and more reliable travel time.

### **3. Contract**

- 3.1 Streets Ahead is a PFI contract and as such does not operate on a traditional measured work basis. The model is that the Council set out a series of performance standards designed to achieve the desired uplift in network condition and then maintain the network at that standard throughout the life of the contract. A series of handback conditions are included to ensure that when the network is returned to the Council in 2037 it is in such condition that the residual life of the overall asset is staggered. This is designed to avoid the need for another significant investment in the first years following the end of the contract.
- 3.2 The Council has sought to publish details of the Streets Ahead contract on its website. In the first few years the sections of the contract that could be published un-redacted were limited due to the nature of the commercial information.
- 3.3 During 2017/18 the Council worked with the Information Commissioner and Amey to publish the remaining sections of the contract that were not on the website and also undertook a thorough review of the elements that were redacted.
- 3.4 Within the documentation available on the website there are specific Clauses, Schedules and Annexures where information has been partially redacted for commercial sensitivity reasons or where information is the personal data of third parties.
- 3.5 The elements of the contract which have been partially redacted will be subject to a five-year review to test whether the redacted information is still commercially sensitive given the passage of time. The documents which have been redacted in full are commercially sensitive and are likely to remain so until at least the termination of the contract. This is because they were provided to us by Amey in confidence and shows the specific offer or details used to secure the contract and will likely prejudice future business activity if disclosed. This information is confidential in order to comply with obligations under the terms of the Streets Ahead contract and to protect the commercial interests of Amey and the Council in the future, when either party is likely to be involved in negotiating commercial deals.

- 3.6 In line with government requirements the financial spend on the contract is published monthly on the Council website.

#### **4. Services Covered by the Contract**

4.1 The Streets Ahead contract can be described as a fence to fence service covering all aspects of highway maintenance which includes street cleaning, grounds maintenance and winter maintenance.

4.2 The service standards of the contract are detailed in the Output Specification which is available to view on the Council's website. They are also listed below with brief details of what each one covers:

- a) Service Standard 1: General  
Covers emergency response, urgent defects, temporary traffic management, abnormal loads, customer experience, Management Information System, communication and environmental issues.
- b) Service Standard 2: Carriageways and Footways  
Covers works to carriageways, footways, highway drainage, kerbs and condition surveys.
- c) Service Standard 3: Structures  
Covers bridges, retaining walls, third party structures and inspections.
- d) Service Standard 4: Streetlighting and Signs  
Covers street lighting, illuminated and non-illuminated signs, road markings and street nameplates.
- e) Service Standard 5: Traffic Signals, Control Infrastructure and ITS  
Covers traffic signals and control infrastructure, intelligent transport systems and inspections.
- f) Service Standard 6: Grounds Maintenance  
Covers grassed areas, highway shrub and rose beds, hedges, trees and weed killing.
- g) Service Standard 7: Winter Maintenance  
Covers precautionary salting, snow clearing, grit bins, route planning, daily action planning and weather forecasting.
- h) Service Standard 8: Street Cleaning  
Covers litter collection, graffiti and flyposting, detritus sweeping and removal and litter bins.
- i) Service Standard 9: Miscellaneous Assets  
Covers barriers, fences and guardrails, seats and bollards.
- j) Service Standard 10: Strategic Assistance  
Covers assistance with national surveys, network inspections, service improvement plans, and accident investigation.

- 4.3 In addition to the core services, listed above, Amey also provide non-core services on a non-exclusive basis which permits the Council to request Amey to undertake capital works on the highway which might be related to changes in highway layout for example. This is different to the highway maintenance provided for in the Streets Ahead contract.
- 4.4 Key performance data is published monthly on the Council website as a contract Data Sheet and the latest edition is attached as Appendix A.

## **5. Financial and Monitoring**

- 5.1 Streets Ahead is a PFI contract and as such uses a different payment model to more traditional contracts. There are no individual prices for specific elements of work, instead Amey are paid a monthly fee; the Unitary Charge to cover the huge investment in the early years to bring the roads, street lighting, traffic signals and structures to an agreed standard and also to cover the ongoing maintenance of the whole network for the full 25 years of the contract.
- 5.2 PFI contracts have a significant requirement to be self-monitoring built into the documentation and Streets Ahead is no different.
- 5.3 Amey monitor their performance against the service standards referred to in section 4 of this report and are obligated to report where they do not meet these requirements.
- 5.4 In addition to the self-monitoring carried out by Amey, the Council's Client team has technical specialists covering all aspects of the contract and carries out its own independent checks on performance. Where any failures to meet the standards set out in the contract are identified by either Amey or the Council the appropriate negative adjustment is made to the Unitary Charge.
- 5.5 Where work carried out by Amey is either incorrect or suffers early failure (e.g. a limited amount of road surfacing has failed prematurely) then Amey are obligated to redo the work but at no additional cost to the Council. The Council Client team take a close interest in work standards to avoid where possible any early failures. Although this does not have a financial impact on the Council it does cause unnecessary disruption to residents and the travelling public and also leads to public complaints.

## **6. Performance to Date**

- 6.1 During the first five years of the Streets Ahead contract there were annual milestone targets to achieve in respect of road and footway condition, street lighting, traffic signal replacement and highway structure upgrades. These milestones have all been achieved.
- 6.2 The roads and paths in the worst condition have now been resurfaced. As of January 2019 approximately 70% of the roads and footways in Sheffield has now been resurfaced. This equates to around 755 miles of

roads and 1,490 miles of paths. The result is safer, smoother roads and a dramatic reduction in the incidence of dangerous potholes by around 60% since 2015. In the National Highways and Transport Survey we are currently above the national average for the overall highway maintenance indicator.

- 6.3 The old sodium street lighting has now been replaced throughout the city with a modern LED system of more than 66,000 units. The lantern units have a significantly longer life than the old system and this new technology saves significant levels of energy and therefore carbon emissions. The new system also has a self-reporting ability which identifies faults as they happen and the facility to dim or increase light levels as required.
- 6.4 Streets Ahead has an ongoing replacement programme for traffic signal installations and to date 138 sites have been updated. These updates use extra low voltage LED technology and incorporate virtual detection of traffic. This cuts down on road loop replacement which reduces disruption to traffic and future maintenance costs. Some sites have incorporated systems that link to other sites and pedestrian facilities to monitor pedestrian presence and cut down on congestion by operating on demand only.
- 6.5 Variable Message Signs around Meadowhall have been replaced that link into the Meadowhall car park occupancy system, giving live updates on availability of parking which helps traffic flow in the area.
- 6.6 1,035 bridges and highway structures (including subways and footbridges) have been checked and improved and 70 watercourse culverts have been improved. Two culverts have been completely replaced. This work to culverts reduces the incidence of flooding across the city. In addition over 3,300 drainage gullies have been replaced.
- 6.7 Carbon emissions have been reduced significantly as a result of the street lighting and other powered apparatus changes. Emissions from this apparatus are now around 76% lower than at the start of the contract, seeing a reduction in carbon output from 17,000t to 4,000t.
- 6.8 Environmental benefits of the LED lighting also include greater directional focussing of light to reduce glare, back light and night glow which gives a black night sky as light is prevented from leaking vertically upwards.
- 6.9 Routine maintenance is an important part of the Streets Ahead work and includes winter gritting, street sweeping and litter collection, gully emptying, highway tree maintenance and grass cutting. These services all play an important part in the overall maintenance of the highway network and customer satisfaction levels. Over 96,000 requests for street cleaning have been dealt with to date.
- 6.10 In addition to the highway maintenance work required in the Streets Ahead contract, Amey has engaged with many programmes designed to benefit local people since the contract began. These programmes complement the Council's Ethical Procurement Policy launched in 2018

to drive ethical behaviour as a standard throughout its supply chain and enable greater return in Social Value in Sheffield. The Policy can be reviewed at this link: [SCC Ethical Procurement Policy](#)

6.11 The ethical, effective and efficient dimensions of the policy are demonstrated by Amey which includes driving ethical behaviour in their supply chain in turn enabling greater return in Social Value in Sheffield. This brings innovative ideas and thinking from the market to Sheffield, accommodating short to mid-term change/flexibility into contractual arrangements thereby helping us to drive an increase in cashable savings.

6.12 Some examples of Amey's programme are listed below:

#### Apprenticeships

70 young people from Sheffield have gained new skills and qualifications as part of Amey's Apprenticeship Programme. 10 new Apprentices started working with Streets Ahead between September and November 2018 and more are to follow in the future.

#### Supported Internship Programme

This is a scheme for young people with special educational needs, helping them transition from education to employment and was launched in Sept 2016, in partnership with Sheffield College. To date, 10 Interns have successfully 'graduated'. In November 2018 two new Interns joined the programme. In March 2018 Amey Sheffield were awarded 'Extending the Reach' by the Recruitment Industry Disability Initiative (RID) for their Supported Internship Programme and have been invited to host a RID event in Sheffield to show case the work.

#### Education

During 2018 Amey joined up with Talbot School to become Enterprise Advisors and will be working closely with the school to help them to develop effective employer engagement plans. They will continue to deliver their Education Programme across Sheffield. More than 264 school visits covering over 57,000 pupils have been carried out since the start of the contract.

6.13 Amey arranges community involvement days and over 50 were held in 2018. In addition employees working on the Streets Ahead are given a paid day off to support charities close to their hearts, with the only stipulations being that it must be in the local community and support an environmental, educational or employment aim.

6.14 The Community Partnership work offers donations of up to £250 to support a wide range of grass roots projects which support education, employment, environment or conservation.

6.15 Amey have installed public benches at their own cost such as Burncross and also at the Heathfield Road memorial and repaired steps at the war memorial in Endcliffe Park.

6.16 Restoration and preservation of the historic gas lanterns.

- 6.17 Involvement in the preparation, and more importantly the clean up after major events in the city such as Tramlines.
- 6.18 Specific road preparation was carried out for the Tour de France in Yorkshire during 2014 and the work was widely praised for speed and quality.
- 6.19 These direct and indirect initiatives and achievements will continue throughout the duration of the Streets Ahead contract.
- 6.20 Highway maintenance and its associated activities are regarded as a higher than normal risk industry in terms of health and safety and accordingly Amey attach a high priority to health and safety at work. They have demonstrated their commitment to the training and development of staff and associated sub-contractors and are an accredited training centre for core industry skills which underpin and maintain the skills of their existing and future workforce.
- 6.21 The Lost Time Accident Incidence Rate (LTAIR) for the Street Ahead Project (Amey) currently stands at 0.63% of the average number of workers employed over the past 12 months; the most positive position since February 2018. The total number of lost time injuries recorded for the 12 month rolling period ending December 2018 equalled 5. This is 3 less than May 2018.
- 6.22 New training and refresher courses are an important element of Amey operations in terms of staff development and the Visible Felt Leadership programme regularly addresses safety as part of the messaging. This included the annual Road Worker Safety campaign over the last three years to raise driver awareness of the danger to road workers of poor driving.

## **7.0 Future Plans**

- 7.1 The main focus of the work is to ensure the roads and footways are brought up to standard and maintained in that condition. As already explained, around 70% of the network has received the upgrades but there is still plenty to do and ongoing surveys and inspections of the network will determine future work programmes. Plans for 2019 include surfacing 100 miles of road and 50 miles of footways.
- 7.2 The surfacing programmes are published in a map format on the comprehensive Streets Ahead section of the Council website. As with all street works a co-ordination operation is carried out to minimise traffic disruption associated with such works. All planned work on the highway from all sources such as utility companies, is taken into account before programmes are approved.
- 7.3 The lifespan of surfacing works means that some work carried out in the early years of the programme will need to be replaced again before the contact ends in 2037. This will ensure that the network is handed back to the Council in a prescribed condition with no major investment required to maintain it in good condition into the future.



- 7.4 Much other work will continue to be visible throughout the duration of the Streets Ahead contract. This will include the continued replacement of outdated traffic signal installations when they become 25 years old, ongoing bridge and structures maintenance and systematic replacement of old highway signs and road markings as they reach the end of their life.
- 7.5 Routine maintenance as described in para 6.9 will continue throughout and these services are equally important to the overall condition of the highway e.g. drainage and gully cleaning prevents flooding to private property as well as the highway.
- 7.6 Amey supports Sheffield Litter Pickers and around 90 other community groups and is planning to expand work in this area alongside education programmes to discourage littering.
- 7.7 Monitoring of the progress on Streets Ahead will include the required self-monitoring by Amey, continued scrutiny by the Council Client team and the feedback from the public via complaints and compliments. The public are welcome to get involved with, and comment on, Streets Ahead works by using the existing contact methods through the Council Customer interface.
- 7.8 The issues related to the tree replacement works are well documented elsewhere but as a major issue in relation to Streets Ahead it is good to report that following extensive talks with campaign groups since October 2018, site work commenced in January 2019 on a compromise approach to retain more street trees. This has been made possible through the efforts of the campaigners and the response by Amey to fund additional works outside the contract and the Council being able to temporarily suspend some elements of the contract specification without affecting the long term aims of Streets Ahead. The Joint Position Statement giving details of the talks and next steps can be viewed here [Street Trees Joint Position Statement](#)

## **8. What does this mean for the people of Sheffield?**

- 8.1 This report reiterates the background to the Streets Ahead contract and gives an update on progress to date along with a view of the future programme of work.
- 8.2 The Streets Ahead contract is providing the much needed improvement to the highway asset thereby achieving the contract objectives to benefit the city now and into the future.

## **9. Recommendation**

- 9.1 The Committee is asked to note the contents of this report.

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