



Report to 15 November 2012 Scrutiny & Policy Development Committee

Report of: Head of Highway Maintenance

Subject: Streets Ahead Update

Author of Report: Steve Robinson, Head of Highway Maintenance

Summary:

This report is intended to give a brief update about the Streets Ahead contract and how it has progressed in its first few months of operation

The information presented has been requested by the Committee to enable it to scrutinise the establishment and early performance of the Streets Ahead contract

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	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	Y
Other	

The Scrutiny Committee is being asked to:

The Committee is asked to note the contents of the paper and the further information provided at the Scrutiny meeting

Background Papers:

None

Category of Report: OPEN

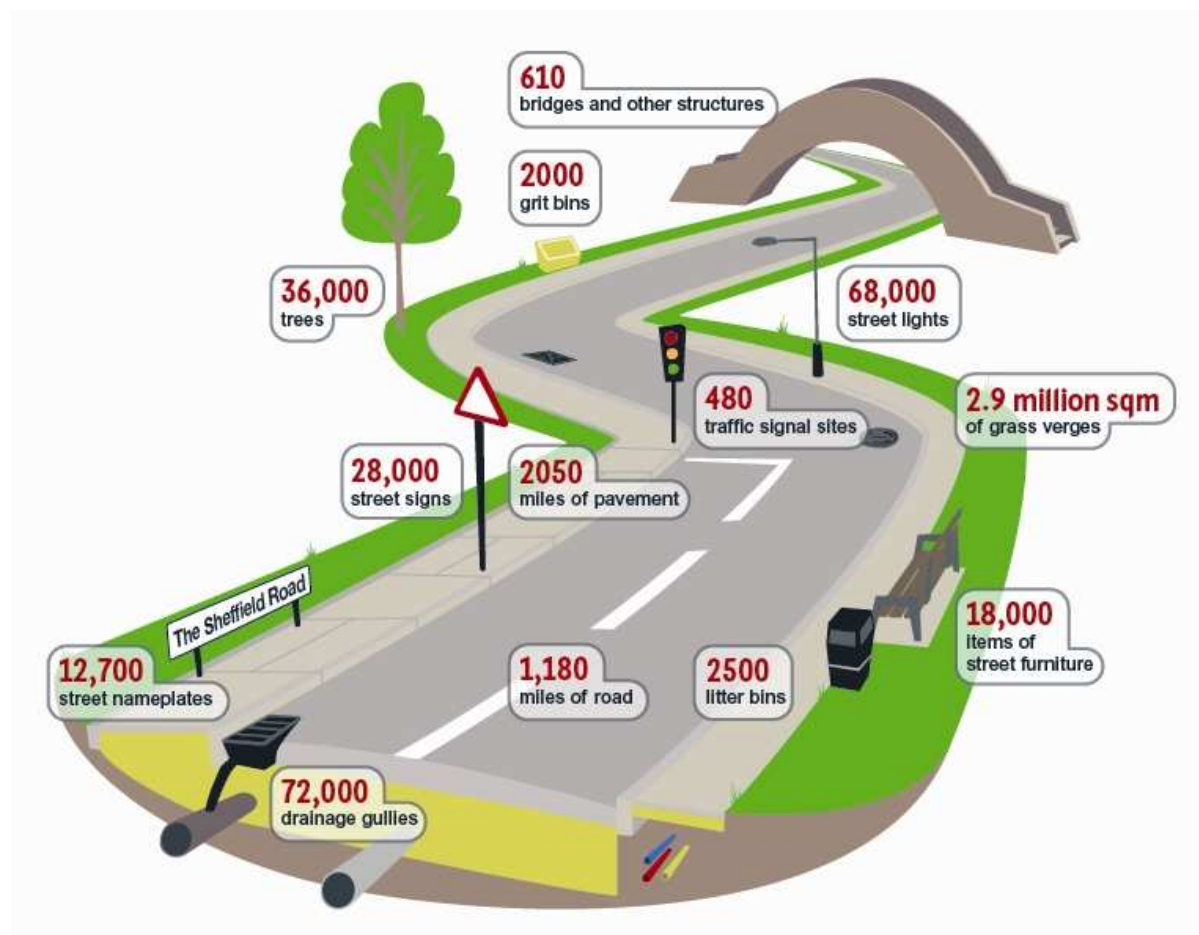
Report of the Head of Highway Maintenance – Streets Ahead Update

1. Introduction to Streets Ahead

After approximately 6 years of procurement using the Competitive Dialogue process the Streets Ahead contract commenced on 20 August 2012. After the lengthy competitive process Amey were chosen as the Preferred Bidder from the final 2 bidders and then followed a short ,mobilisation period where Amey and the Council worked together to be ready for commencement date.

The contract will last for 25 years with most of the work being done in the first 5 years – called the Core Investment period (CIP) – this is when most of the infrastructure will be brought up to a good standard. Amey will then be required to maintain that standard for the remaining 20 years.

The graphic below shows what is included in the contract.



The following areas are not included:-

- Traffic Management and Regulation – still under John Bann in the Councils
- M1 Motorway, Tinsley Viaduct and Stocksbridge By-pass – managed by the Highways Agency
- Maintenance of Unadopted roads – as they are not the responsibility of the Council
- Private structures - such as Network Rail bridges
- Decisions on highway improvement schemes – still under John Bann

- Grounds maintenance of public realm land – now separated from this Highway maintenance PFI

How Streets Ahead will work

In order to not bring the city to a standstill Amey proposed that the city has been divided into a number of areas which will be carried out individually to reduce disruption. There are 2 types of areas or zones – one for main roads (A zones) and one for residential areas (B zones). When work is fully up to speed there will be between 5 and 7 zones being worked on at any one time. The sequence of the zonal work was determined by Amey and they intended it to meet their contractual obligations as well as be logical and deliverable. There is a contractual requirement to work in each Community Assembly area in each of the 5 years of the CIP. Each zone will take between 14 and 20 weeks to complete. The order of work will be:-

- Streetlights & Trees
- Pavements & Kerbs
- Gullys/Drains
- Roads

There will also be other localised work involving bridges and traffic signals which will be carried out separately from the zones.

The programming of such a significant amount of work is a key success factor and both the Council and Amey have identified additional staff to invest time in making the programme as efficient as it can be.

Note that Streets Ahead is about dealing with the poor condition of the City's roads and infrastructure rather than being about adding extra things such as new pedestrian crossings. Such work can and will be accommodated but funding has to be found such as through the normal Local Transport Plan arrangements.

Benefits

The Streets Ahead contract has many benefits including for example smoother roads. The Department for Transport took the benefits into account during its funding negotiations and there is some work ongoing with them into the development of a Benefits Realisation package.

2. Introduction to Amey

Experience

There are Highways PFI opportunities in Birmingham, Hounslow, Isle of Wight, Portsmouth and Sheffield with Sheffield being the biggest followed by Birmingham. Amey bring their experience of Birmingham having started over 2 years ago to our contract. Part of the procurement exercise involved talking to the other PFI managers to get their input. Additionally Amey are one of the biggest and most successful companies that provide highway maintenance services to central and local government.

Approach to Sheffield.

The Streets Ahead project is a key strategic project for Amey. They have stated their intentions to become an enthusiastic member of the community of Sheffield and the 25 year contract duration allows them to support that with long term investments and job creation. In addition Amey are working on a package of Corporate Social Responsibility initiatives where they can add value across the City.

In carrying out the Streets Ahead contract Amey will create around 200 jobs including 30 apprentices and topped up by other new jobs in their supply chain.

Culture of the company

Amey put Health and Safety at the core of everything they do. Members may have seen the Amey staff around the city in their bright clothing which not only makes them visible but helps embed the safety culture positively.

People care is another core component and that involves talking directly to staff on a regular basis to encourage 2 way engagement.

Approach to embedding former Sheffield City Council staff

Amey worked with the transferring staff during the mobilisation period to get them familiar with the company approach and the differences between how they worked and how Amey needed them to work to comply with the contract.

The Contract

Performance Requirements

There are 753 individual performance requirements in the contract which are spread across each services area eg repairs to potholes, fixing street lights, cutting grass, etc. Each month Amey produce a Monthly Monitoring Report that highlights the performance over the previous month. They are expected to self monitor and then Council staff will carry out audit checks to see that the monitoring is appropriate and effective. The Performance regime is based on making deductions from payments where the service fails below the expected standard. There are no penalties in the system but rather deductions for non performance. Amey have developed a completely new system to monitor performance for this contract.

Governance of the Contract

The governance arrangements for managing the Contract have been developed in accordance with the Council's Intelligent Client Model (ICM) and designed to take account of the complex nature of the Contract.

The teams managing the Contract comprise a Service Area Client Team (Highway Maintenance Division) together with a Contract Management Team (Commercial Services). The teams will work together to manage the Contract and ensure the service is delivered in accordance with the Contract and that the benefits identified in the Business Cases for the Contract are realised.

The contract has 3 main boards which have representation from the Council and Amey:-

Strategic Board (meets quarterly)

The purpose of the Strategic Board is to ensure strategic cohesiveness and the alignment of the Service Provider's objectives and goals with the Authority's Corporate Priorities, Values and Outcomes where relevant to the Contract. The Strategic Board will also assist in giving strategic direction to the management of the Project and ensure that longer term issues are properly considered. It is not involved in the management of the Contract unless matters of a serious nature are escalated to it.

Management Board (meets monthly)

The purpose of the Management Board is to review and discuss any matters arising from the Draft Monthly Payment Report or any issues relating to payment.

Service Operations Board (meets monthly)

The purpose of the Service Operations Board Meeting is to review and discuss any matters arising from the Monthly Performance Monitoring Report .

There is also an internal Highway Maintenance Contract Board has been established to replace the Highway Maintenance Project Board.

The Highway Maintenance Contract Board will be chaired by the Contract Sponsor. Its membership comprises:

- Simon Green, Executive Director - Place Portfolio, Contract Sponsor;
- Les Sturch, Director of Development Services
- Laraine Manley, Head of Corporate Resources
- Lynne Bird, Head of Legal Services; and
- Barry Mellor – Director of Commercial Services

The Highway Maintenance Contract Board will also be attended by Steve Robinson (Head of Highway Maintenance), Ian Kirby (Technical Manager), Wendy Woodhead (Operational Processes Manager) and Liz Buck (Contract Manager).

The role of the Highway Maintenance Contract Board is to ensure a consistent high quality standard is achieved for the Highway Maintenance PFI Contract. Its role is "management by exception". .

In accordance with the Contract, the Head of Highway Maintenance will act as the Authority's Representative and take decisions on behalf of the Council, expect where powers are reserved to the Monitoring Officer, Lynne Bird. Appropriate operational matters will be delegated to members of the Service Client team.

The key tasks of the Highway Maintenance Contract Board include:

- Receiving updates/reports detailed below and making appropriate decisions based on the reports;
- Making key decisions on behalf of the Council ;
- Checking that the Contract is being managed properly;
- Provide input to the Contract Strategic Board;

- Providing advice and guidance to the Contract Sponsor, Head of Highway Maintenance and the Service Area Client;
- Considering any major changes which might impact on the Contract;
- Communicating any changes from other contracts and externalised services that may affect the Contract;
- Considering the effects of Council or stakeholder decisions and actions on the Contract;
- Monitoring of Benefits Realisation and achievement of milestones and other key project achievables; and
- Monitoring the risk management of the Contract.

Delegation

The Authority Representative is the Head of Highway Maintenance and in accordance with the Leader's Scheme of Delegation, Simon Green has delegated some specific parts of his authority as Executive Director, Place to allow decisions to be taken as the representative of the Council in order to fulfil the Council's obligations under the Contract.

The delegated authority is in relation to the power to make operational and technical decisions under the terms of the Streets Ahead Contract as the named 'Authority Representative', that will be legally binding on the Council in accordance with the terms of that Contract. However, given the significant nature of some of the decisions within the Streets Ahead Contract, in relation to termination of the Contract, High Value Changes, and Step-In, there is no delegation of authority to make decisions in relation to those matters.

The delegation of authority has also allowed the further delegation (where appropriate) of authority to senior managers within the Client team and to the Contract Manager. This delegation will ensure business continuity and resilience, allow a faster decision making process and enable requests made by Amey under the Contract to be processed by the relevant technical/commercial professional.

3. Early Progress

Progress report to date

The contract commenced on 20 August 2012 so it is very early to form definite conclusions. It appears that the mobilisation effort was worthwhile as Amey were ready for the start date. Work has begun in 3 zones as planned (Ewden, Shiregreen and Carbrook) and the roadshows for 2 went well with the 3rd under attended by businesses in the area. As a result of that a new approach is being used involving a bus that Amey have purchased to take the roadshows out to people rather than them having to travel.

There have been numerous briefings to members, Community Assemblies, interest groups and the public all of which have shown an appetite for information about the project. There is a lot of information about the project on the Council's web site and we are currently drafting further communications plans.

We are now in regular meetings with the numerous stakeholders including utility companies, emergency services, the Passenger Transport Executive etc.

Performance Update

Most areas have performed well. There was a backlog of maintenance that was found at commencement such as gullies that had not been cleaned and that is taking a while to get on top of. Some jobs that Street Force started didn't get handed over with all the information so some works finish dates indicated previously could not be delivered but that was not as a result of Amey.

We have been impressed by the responsiveness of Amey in dealing with defects. So when problems on the road network are raised Amey have worked very hard to repair any defects and give a good customer service.

There have been some teething problems in establishing the new and extended customer contact service beyond that which was in place within the Council prior to contract commencement. This has meant some frustration for callers about the length of call times and some defects reported were "lost". As with any IT systems driven area there has been some problems about the interfaces but work is progressing well to fix that.

Members have been reluctant to use the established routes for reporting defects and that has in some cases led to longer repair times. Additional member briefings have been planned.

Where Amey rely on the transferring staff there have been some minor performance issues. This relates to where the transferred staff have continued to do what they did prior to the start of the contract when there are new performance requirements so some degree of failure is inevitable. Amey are tackling this cultural area but change will not happen overnight. An example is litter picking in the City Centre where early in the contract there were some problems but the Council and Amey worked together on an improvement plan that has been effective.

Amey have twice weekly sessions internally to encourage open dialogue about service issues which are having a positive effect.

There have also been some examples of good performance eg the local Community Assembly Steward received a round of applause from Shiregreen Community Assembly when giving them an update on progress.

3 What does this mean for the people of Sheffield?

The Streets Ahead project is the biggest project to happen in the City and will affect every area. With an expected resurfacing of 70% of the City's roads in the first 5 years there will inevitably be some disruption. However at the end of this time the City's roads will have jumped from being on of the worst in the county to one of the best. The City's look and feel will be transformed and not only this there will be additional measurable benefits.

Below is a list of possible benefits as contained in the Final Business Case submitted to the Department for Transport in seeking financial support:-

Primary

- Improvement to the Highway assets
- Improved surfaces to carriageways and footways
- Replaced and modernised streetlighting, traffic lights and illuminated signs

- Replacement and better maintenance of highway trees
- Retention, stabilisation and increasing of employment

Secondary

- Improved quality and reliability for service users
- Improvements in the streetscene
- Areas more attractive to investors
- Improved use of public transport
- Easier access to areas of employment
- Allows other regeneration projects to realise their full potential
- Reduction in road traffic accidents
- Reduction in vehicle operating costs
- Improvements in noise and air quality
- Encourages greater use of healthy and more sustainable modes of transport
- Reduction in night time crimes
- Encourages pedestrians to use streets more
- Reduces fear of crime
- Improved biodiversity as number of species increases
- Increase in number of staff employed, directly and indirectly, on highway maintenance operations in the City
- Increase in pool of appropriately trained, competent and qualified staff
- Reduction in public liability claims
- Reduced unit costs, including through opportunities for application of private sector efficiencies arising from the scale of the Project and opportunities for innovation

Further work is ongoing to identify measures and fine tune the list.

The following direct Benefits for the Community have also been suggested:-

- **Emergency Services** – well-maintained carriageways and well-signed routes
- **Residents** – better overall streetscene
- **Businesses** – highway network that enables journey and delivery times to be reliable; improved inward investment into the City
- **Visitors** – an attractive City streetscene and clearly signed routes
- **Cyclists** – safer journeys through smoother road surfaces and better road markings
- **Bus Operators** – well maintained footpaths and improved lighting - promoting increased use of public transport; highway trees trimmed to prevent damage to buses
- **Road users** – reduced vehicle maintenance and fuel costs

4. Recommendation

The Committee is asked to consider the contents of the report and invited to ask any questions at the meeting of 15 November 2012.