

# North Lanarkshire Council

## Environment and Transportation Committee

approval  noting

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## Amey Public Services LLP: Operational and Financial Performance Monitoring Report for 1 October 2019 to 31 March 2020

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### Executive Summary

This report outlines Amey Public Services (APS) Limited Liability Partnership (LLP) performance against its' business objectives and council priorities for the period 1 October 2019 to the 31 March 2020.

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### Recommendations

It is recommended that the Environment and Transportation Committee:

- (1) Note APS LLP's operational performance up to 31 March 2020, along with service delivery highlights over the past six months.

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### The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (24) Review and design services around people, communities, and shared resources

## **1. Background**

- 1.1 The council created the roads, street lighting and winter maintenance services LLP in 2010, following a tender exercise for a strategic partner to deliver such services over a ten year period. The successful bidders were Amey Local Government Limited and the contract commenced on 14 December 2010. Amey LG Ltd owns a 67% shareholding in Amey Public Services LLP with the council owning the remaining 33%.
  - 1.2 A Management Committee consisting of representatives from both Amey and North Lanarkshire Council is responsible for the LLP's governance, which includes operational delivery and management, staffing, financial control and reporting, health and safety, performance monitoring and risk management. The Management Committee meets quarterly, with council representation consisting of one senior officer and one Elected Member, and Amey's membership comprising up to four representatives. Currently two Amey members serve on the Management Committee – the Managing Director and Financial Director. Senior officers from both partners, including the council's Client Officer, also attend to provide professional or technical information as required.
  - 1.3 As per the Works Agreement, service reviews required to be carried out jointly at year 4 and 8 of the strategic partnership. The former Planning and Transportation Committee considered the findings of the Year 4 review and approved the requirement for the council to continue working with APS LLP to identify opportunities for the business to establish a stable financial position.
  - 1.4 The Year 8 review commenced in July 2018 with the outcome initially reported to Infrastructure Committee in November 2018, but then carried forward to Policy and Resources Committee in December 2018. The review recommended that the Head of Environmental Assets conduct a market testing exercise to identify whether amending some of the existing contract rates and prices for a term beyond June 2021 will be more beneficial to the council than ceasing the contract at its natural termination date.
  - 1.5 The result of the market testing demonstrated that amending APS LLP rates provides value for money and recommended that the contract be extended for a period up to June 2024. The extension to the contract was reported to and approved by the Environment and Transportation Committee in August 2019.
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## **2. Report**

- 2.1 APS LLP's performance was previously considered by the former ALEOs and External Bodies Monitoring Sub Committee on a 6 monthly basis. Following changes to the council's Scheme of Administration, responsibility for oversight of service delivery by arm's length bodies now rests with the relevant service committee. The functions delivered by APS LLP on behalf of the council fall within the Terms of Reference of this committee and a six monthly performance report will now be submitted in line with the Strategic Performance Framework considered by members in November 2019. The report will confirm where APS LLP is fulfilling its contractual obligations and meeting the council's service delivery expectations, as well as providing information from Financial Solutions on financial performance and overall financial standing within the company. This information will help give early warning of any financial risks which may give rise to operational or reputational risks for the council.
- 2.2 Engagement has also taken place with APS to identify where the company's business objectives are aligned to support The Plan for North Lanarkshire and individual Programme of Work areas. Future update reporting by Programme

Lead Officers to service committees will reference the contribution that APS is making in these areas, along with further developments linked to the recently approved 2020 Programme of Work. This demonstrates where ALEOs are adding value and contributing to the shared ambitions and specific Programmes of Work.

- 2.3 The above measures strengthen the role of service committees by enabling members to consider the totality of services and activities being provided, by both the council and its ALEOs.
- 2.4 In addition to contractual performance monitoring by this committee, the Audit and Scrutiny Panel is responsible for ensuring the effectiveness of each entity's governance, including financial governance, arrangements. The Policy and Strategy Committee retains responsibility for considering the outputs from reviews by the council into its arm's length delivery arrangements, including recommendations in relation to Best Value and potential future delivery options.

### **2018/19 Performance Indicators**

- 2.5 Members will recall that APS's operational performance for 2018/19, together with year-end financial performance as at 31 December 2018 and the partnership's financial position as at 30 April 2019, were previously reported with the outputs from the market testing of rates referenced at paragraph 1.5 above. Operational and financial performance is reported this Committee after it has been considered by the APS Management Committee. This provides Management Committee representatives with the opportunity to address any issues which require attention and thereafter, allows this Committee to receive the updated position, including any remedial actions where these may be required, that are being implemented.

### **2019/20 Performance Indicators**

- 2.6 The outcomes from the 2019-20 performance indicators are detailed within appendix 1.

### **Overview of Governance Arrangements**

- 2.7 APS LLP largely satisfies the council's required oversight arrangements, and routinely submits the monitoring information expected by council officers in line with the timeframes specified within the LLP Agreement.

### **Comments, Compliments and Complaints**

- 2.8 Generally, APS do not receive complaints directly, instead they are filtered and managed through the council's internal complaints management system.
  - 2.8.1 During this period APS received two compliments one thanking the banksman for their consideration, courtesy and sense of humour when dealing with 'tricky situations' on site during surfacing works in Dullatur and the other regarding support provided to Glenboig Neighbourhood Trust for assistance with an allotment project.
  - 2.8.2 During the period APS received one complaint regarding an untidy site, APS attempted to discuss the matter with the customer however they did not receive a response.

### **Service Delivery Highlights**

- 2.9 The following service delivery highlights were achieved during the reporting period 1 October 2019 to 31 March 2020:-
- APS maintained its excellent H&S record over the period with 0 RIDDORS, 1 Non-Lost Time Injury and 3 Lost Time Injuries (with 2 of these non-work related).
  - Continued successful delivery of the Residential and Footpath LED Lantern Replacement programme, with the original 27,000 Lanterns all replaced by the end of February 2020, 6 weeks ahead of programme. A further 3,000 lanterns have been identified for inclusion in to the programme and work is ongoing to install them.
  - APS took delivery of 16 new footpath tractors to assist in the delivery of Winter Service. These tractors have new efficient and reliable spreading units and have received positive comments from NLC staff.

2.9.1 APS staff have also undertaken a number of activities in support of the local and wider community:-

- A number of employees contributed their Community Involvement days to assist in improvement works to Glenboig community centre including kerbing, fencing and slabbing works.
- APS supplied a gritter for the NLC Junior Road Safety Officer open days (3 No) held in mid-September.
- APS continued its sponsorship of this NLC JRSO programme for another year. APS has sponsored the programme since 2004.
- APS contributed to Bargeddie Primary School's Christmas collection for Coatbridge Foodbank in December
- APS sponsored the 2019 Santa Dash in Strathclyde Park in aid of St Andrew's Hospice, with staff also taking part in the event
- APS employees donated items to Maggie's Cancer Centre Christmas Tombola appeal
- Amey/APS hosting 10 Foundation Apprentices (Creative and Media) from New College Lanarkshire for a 12-week period (up to 2 days/week). They are undertaking video interviews with Amey staff and filming trips on active works sites across our contracts.

## **Business Development**

- 2.10 A key aim of the contract is to encourage business development. During this period APS were successful in the following.
- Awarded place on the three Lots tendered (Roads Maintenance, Roads Improvements and Lighting) for the Stirling, Clackmannanshire and Falkirk Council Road Maintenance Framework, valued at £17.5million over four years.
  - Inverclyde Council advised it was extending its Lighting Maintenance contract that Amey delivers by up to three months to allow it to tender the next successor contract.

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## **3. Equality and Diversity**

### **3.1 Fairer Scotland**

There are no considerations which require to be addressed at this time.

### **3.2 Equality Impact Assessment**

There are no considerations which require to be addressed at this time.

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## **4. Implications**

#### 4.1 Financial Impact

##### Public Accountability Obligations – Financial year 2019/20

- 4.1.1 To satisfy the council’s duty to ensure the organisation delivering roads, street lighting and winter services on its behalf is financially sound, the council’s Section 95 Officer maintains appropriate and proportionate processes and procedures for scrutinising APS LLP’s financial performance.
- 4.1.2 The council’s Legal Agreements with APS LLP specify the financial information which the company must submit to the council including an annual business plan, monthly management accounts, audited financial statements etc., to enable Financial Solutions to assess and report any financial risk likely to arise as a result of the council using APS LLP to deliver these services.
- 4.1.3 In normal circumstances this report would include detailed information around the financial performance APS LLP. However, due to the current pandemic this information is currently not available. Therefore the next report will include the information relating to this reporting period.

#### 4.2 HR/Policy/Legislative Impact

- 4.2.1 This report does not require consideration of any Policy or Legislative impacts. . Members may wish to note, however, that Amey completed its annual staff survey during Q4 of 2019. The opportunity to participate the confidential survey is available to all APS employees and the 2019 survey generated a response rate of 55% (81 employees from a potential total of 147). The results were very positive with responses to questions showing an improvement on the 2018 returns in all but one case: In 2018, 58% of respondents answered positively to the question, “I know how I can grow my career at Amey,” whereas this response rate dipped ever so slightly to 57% in 2019. The highest and lowest scoring results from the survey are shown in the table below.

Survey Statement	2019 Response	2018 Response	Comparison
Highest Scoring Responses			
Intend to be with Amey in 1 year’s time	96%	90%	+6%
Believe Amey is committed to being ethical and responsible	94%	86%	+8%
Enjoy their job	94%	80%	+14%
Lowest Scoring Responses			
Happy with opportunities for career development	61%	59%	+2%
Manager gives feedback on performance	66%	New for 2019	N/A
Know how to grow their career	57%	58%	

In each of the areas where lower scores were recorded, management actions have been identified to improve employee engagement and heighten awareness of career path opportunities and progression within the company.

#### 4.3 Environmental Impact

- 4.3.1 Members are advised that APS has established environmental monitoring arrangements in place with results reported to the Management Committee at each meeting. Highlights include:

- An increase in the Miles per Gallon (mpg) rate from 16.75 mpg at the end of 2018 to 16.96 (mpg) at the end of 2019. The improvement is related to fleet improvements and an ongoing initiative to promote 'green' driving behaviours amongst staff with in-vehicle telematics to record efficient driving;
- Linked to the above, fuel consumption is reduced to 146,503 litres, against a target of 153,099 litres (4% reduction).

4.3.2 Although APS makes use of a green tariff, guaranteeing that all the company's electricity is generated from renewable sources, utilities usage remains high and the age of the depot at Bargeddie limits the scope for significant improvements. Despite this, more efficient and thermostatically controlled heaters are being installed as part of a refurbishment programme and lighting units are converted to LED fittings on a unit by unit basis.

#### 4.4 Risk Impact

4.4.1 APS is deemed to have well established risk management arrangements in place and these are routinely considered by the Management Committee to ensure any impact on service delivery, and therefore council reputation, is minimised.

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### 5. Measures of success

5.1 These reports are intended to give Members an insight into how the LLP is performing and where it is supporting delivery or adding value to the council's priorities.

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### 6. Supporting documents

6.1 The following appendices support this report:-

Appendix 1 2019/20 Performance Indicators & Outcomes

**Head of Environmental Assets**

## 2019/20 Performance

Service Area	Target Outcome/Purpose	2018/19 Actual	2019/20 Target	2019/20 Actual	Comments
Improve economic opportunities and outcomes					
OBJECTIVE: Improve infrastructure to help current and incoming businesses to grow and create employment, help current and incoming businesses to grow and create employment					
Street Lighting Activities	To enable vulnerable people to feel safe in their local area	98.59%	95%	98.69%	This performance target includes measures related to: Works Outstanding, Works Quality, Dispute Resolution, Dark Street Lamps & Works Registration Compliance (SRWR).
Roads Works Activities	Contribute to the long-term economic sustainability of North Lanarkshire	92.72%	95%	93.61%	This performance target includes measures related to: Works Outstanding, Works Quality, Dispute Resolution & Road Works Registration Compliance (SRWR).
General Performance	Contribute to the long-term economic sustainability of North Lanarkshire	84.44%	95%	83.31%	This performance target includes: Reinstatement Compliance, Remedial Works Compliance, Prompt Payment to Suppliers, Public Complaints & Health and Safety Compliance.
OBJECTIVE: : Improving North Lanarkshire's resource base					
BVES efficiencies	To positively support the partnership, deliver efficiencies to the Schedule of Rates payable via the works agreement	£498,733.62 (2018 BVES)	N/A	£403,721.26 (2019 BVES)	There is no target for BVES as this is calculated as a percentage of annual spend. The BVES is paid to NLC annually (based on calendar year spend). The 2019 BVES was Invoiced in March 2020.

The Contractual Performance target for each of the indicators is a minimum of 95%.

Street Lighting Activities – Performance has improved marginally and exceeds the minimum target of 95%.

Road Works Activities – Performance has improved but is still marginally below the minimum target of 95%. This is mainly due to the number of defects that were repaired beyond the required completion date. APS reduced the number of overdue works from 301 to 42 in the past year and this will assist in completing more works in the future within designated timescale.

General Performance – Performance needs to improve. As APS trading partners have changed this indicator needs to be reviewed and this should help improve this indicator. The number of remedial repairs required on road works are low however failure to complete a single remedial within the required timescales had a detrimental effect on this indicator. This, together with the prompt payments, contributed to an overall reduction in performance.

BVES efficiencies – The value of BVES returns to the council has reduced slightly due to a minor reduction of some work types being delivered through the partnership.