

Annual Plan 2016/17
(Service Manager Review)

Between

Herefordshire Council

and

Balfour Beatty Living Places

for the provision of

Public Realm Services

Herefordshire Council – Public Realm Contract – Service Manager Review of Annual Plan 2016/17

Acceptance Stage

Introduction

The Public Realm Services Contract (the Contract) requires the Provider to each year produce an Annual Plan. The Contract defines the "Annual Plan" as

‘is the plan to be prepared by the Provider for each Financial Year falling wholly or partly within the Contract Period as detailed in clause 21.2.’

This is the Service Manager’s review of the Annual Plan as submitted by the Provider for the 2016/17 financial year and it is a review of that plan to test whether it is a plan that should be accepted as the Annual Plan for the 2016/17 financial year.

Acceptance Criteria

Clause 21.2.3 of the Contract, which is reproduced below sets, out the grounds for not approving the annual plan, and as such provides the basis for any contractual test of the Annual Plan.

‘Each Annual Plan is approved by the Strategic Partnering Board prior to the start of the Financial Year to which it relates. Grounds for not approving an Annual Plan are that:

- the Annual Plan will not meet the Employer’s Objectives; or
- the delivery of the Annual Plan will exceed the Services Budget and/or the delivery of the Services set out in the Annual Plan that will be treated as Revenue Services or Capital Services (respectively) exceed the relevant Revenue Services Budget or Capital Services Budget (respectively); or
- the Annual Plan does not sufficiently demonstrate that it is capable of delivering on the target of Cashable Savings of 3% in the relevant Financial Year as against the projected total spend by the *Employer* on all of the Services in the previous Financial Year (or whatever equivalent efficiency measure that may be placed upon the *Employer* by central government or reasonably agreed between the *Employer* and the *Provider* during the Contract Period); or
- the Annual Plan is not in accordance with the Service Information; or
- the Annual Plan does not address priorities for the relevant Financial Year agreed by the Strategic Partnering Board.

Following approval in accordance with this clause, the *Service Manager* approves any final version of the Annual Plan reflecting matters approved by the Strategic Partnering Board in accordance with clause 21.3.3.’

In addition Clause 21.3 sets out the details that are to be contained in the Annual plan and this also provides the basis for any contractual test of the Annual Plan. This Clause (reproduced below) also sets out reasons why the Service Manager may not accept the Annual plan and the timescale for this process, which is 20 days. If the Service Manager does not respond within 20 days then the Annual Plan would be taken as having been accepted.

21.3.1 The Annual Plan seeks to set out details of the Services to be provided during the relevant Financial Year in order to best meet the achievement of the Employer's Objectives within the Services Budget whilst demonstrating value for money for the relevant budgetary spend. The *Provider* develops the Annual Plan in accordance with clause 21.2. The *Provider* submits the final version of the Annual Plan (in accordance with clause 21.2.3 above) and any amended version during the course of any Financial Year to the *Service Manager* for acceptance.

21.3.2 The *Provider* shows on each Annual Plan which he submits for acceptance:

- the Financial Year to which the Annual Plan relates;
- the estimated Defined Cost plus Fee, plus any risk contingency in relation to each activity and/or Scheme shown in the Annual Plan so as to provide a complete breakdown of the proposed expenditure against the Revenue Services Budget and the Capital Services Budget respectively;
- the *Provider's* proposals for working with the *Employer* to achieve the target of Cashable Savings of 3% in the relevant Financial Year as against the projected total spend by the *Employer* on all of the Services in the previous Financial Year (or whatever equivalent efficiency measure that may be placed upon the *Employer* by central government or reasonably agreed between the *Employer* and the *Provider* during the Contract Period);
- the estimated Local Overhead Cost (including, for the avoidance of doubt, all property and ICT costs payable by the *Provider* to the *Employer* in connection with the provision of the Services);
- the order and timing of the work of the *Employer* and Others as last agreed with them by the *Provider*;
- the dates when, in order to Provide the Services in accordance with the Annual Plan, the *Provider* will need:
 - access to the Public Realm;
 - acceptances;
 - Materials, equipment and other things to be provided by the *Employer*; and
 - information from Others.
- which part or parts of the Services will be carried out as Target Cost Services and/or Lump Sum Services and/or Cost Reimbursable Services and
- other information which the Service Information requires the *Provider* to show on an Annual Plan submitted for acceptance.

21.3.3 Within 20 Working Days of the *Provider* submitting an Annual Plan to him for acceptance, the *Service Manager* either accepts the Annual Plan or notifies the *Provider* of his reasons for not accepting it. Reasons for not accepting an Annual Plan are that:

- it does not reflect the matters approved by the Strategic Partnering Board in accordance with clause 21.2.3;
- the *Provider's* plans which it shows are not practicable;
- it does not show the information which this contract requires;
- it does not represent the *Provider's* plans realistically; or
- it does not comply with the Service Information.'

In summary, to comply with the Contract, and as such be an acceptable plan the Annual Plan should:

- Meet the Council's objectives, as per the Contract;
- Proposed expenditure must be within Capital and Revenue Budgets that have been assigned to Balfour Beatty Living Places (BBLP);
- Be capable of delivering 3% cashable savings for the Council against the prior year's spend;
- Be in accordance with the Service Information and contain any information that is required to be included in the Annual Plan by the Service Information;
- Address any prioritise set by the Strategic Partnering Board;
- State the financial year to which it relates;
- Provide estimated cost + fee for each activity in the plan;
- Provide details of any risk contingencies in relation to each activity;
- State the estimated Local Overhead Cost;
- Show the order and timing of the works, including works for Others;
- Show any dates when the BBLP will require access, acceptances, materials from the Council or information from Others to deliver the Annual Plan;
- Show the payment mechanism for each part;
- Be practicable; and
- Be a realistic reflection of BBLP's plans.

For the avoidance of doubt, this list is a summary of the content of the Contract and the terms of the Contract will take precedence should there be any challenge to the acceptance or otherwise of the Annual Plan as submitted.

Review

Overview

The Annual Plan consists of the fourteen technical annexes (service level agreements), including supporting financial information. In addition the 'Provider' Balfour Beatty Living Places (BBLP) captures the overarching deliverables of the Annual Plan in 'the Service Overview', this document sets out the partnership principles and mechanisms that allow for the effective delivery of public realm services and also includes further summary commercial and financial information and pointing to relevant detail captured elsewhere, for example in the Public Realm Contract.

The approach to building the Annual Plan for 2016/17 followed a new format to secure greater buy-in to the process, this involved assigning senior managers from both the Council and BBLP as Annual Plan Champions, each responsible for consulting with their individual teams, internal and external stakeholders to develop the service annexes to meet the employer requirements and in accordance with the corporate budgetary information as agreed through budget approval process.

The Annual Plan Annexes and Champions are as follows:-

Annexe	Service Description	Owner	Champion	
			Herefordshire Council	BBLP
1	Network Resilience	Richard Brighton	Sean Rooney	Richard Brighton
2	Community Development and Stakeholder Management	Rachel Rice	Philippa Lydford	Rachel Rice
3	End to End Network Improvement	Alasdair MacDonald	Steve Burgess	Andrew Hardiman
4	Development Control	Alasdair MacDonald	Bruce Evans	Andrew Hardiman
5	Fleet Management	Richard Brighton	Ben Boswell	Richard Raczkowski
6	Parks, Open Spaces, Landscaping, Verges and Trees	Richard Brighton	Spencer Grogan	Richard Brighton
7	Managing Water on the Network	Alasdair MacDonald	Sean Rooney	Richard Perkins
8	TAMP	Alasdair MacDonald	Walter Longden	Richard Perkins
9	Network Management and Traffic	Rachel Rice	Sean Rooney	Will Steel
10	Network Rehabilitation and Maintenance	Richard Brighton	Sean Rooney	Andrew Darkes
11	PROW	Rachel Rice	Spencer Grogan	Will Steel
12	Street Cleansing	Richard Brighton	Sean Rooney	Richard Brighton
13	Street Lighting	Richard Brighton	Sean Rooney	Andrew Darkes
14	Structures	Alasdair MacDonald	Sean Rooney	Richard Perkins

Working in tandem with the annex champions and following on from a series of workshops and review meetings Herefordshire Council was issued with a set of 14 draft annexes describing the various elements of the service. These annexes contained an overview of the services, associated performance indicators and some high level descriptions of risks linked to the delivery of the service. The annexes describe the level of resource required to deliver the service and the roles required to do so. An important element of each of the Annexes shows the links to other service areas; this is an important aspect of the overall plan as it is essential that BBLP operate in a holistic perspective and not in specific singular service areas.

The Annual Plan for 2016/17 has reduced the number of annexes to 14 from the 20 annexes in 2015/16 Annual Plan, the intention being to provide greater clarity and service definition.

Annex	2016/17 Annual Plan	Annex	2015/16 Annual Plan
Annex 01	Network Resilience	Annex 01 Annex 20	Emergency Response Winter Maintenance
Annex 03	End to End Network Improvement	Annex 04 Annex 12	Design and Project Management Annual Plan Highway Network Improvements
Annex 02	Community Development and Stakeholder Management	Annex 02 Annex 03	Community Development Customer Interface and Stakeholder Management
Annex 07	Managing Water on the Network	Annex 08 Annex 10 Annex 11	Highways Drainage Land Drainage Flood Risk Management
Annex 09	Network Management and Traffic	Annex 13 Annex 19	Network Management Traffic Control Systems

The final draft Annual Plan was submitted on the 31st March 2016 by BBLP.

Summary presentations have been made to:-

The Strategic Partnering Board:	25 th February 2016
Management Board	15 th March 2016
Leaders briefing:	17 th March 2016

The Annual Plan was approved subject to the any final amendments and review by the Service Manager.

Prior to the issue of the final draft, members and key stakeholders were issued with proposed programmes of work and suggested schemes and invited to a drop-in session and the Shire Hall, this allowed any potential concerns to be addressed and built into the final version of the 2016/17 Annual Plan.

Parish councils were invited to a series of consultation events at Thorne depot during February to promote the new Annual Plan.

The contract is clear on the criterion that is required to accept the Annual plan. The criteria for acceptance were used in the service manager's assessment of the information that was submitted for approval.

The principles of the submission are broadly acceptable, there were however a number of areas where, further information is required which are as follows:-

- i) Forward programme – BBLP to provide a 4 year programme
- ii) Commissioning process – This remains immature and requires further development with input from both parties
- iii) Performance report – Compile an end of year performance report as mentioned in the Annual Plan development process.
- iv) Governance – Note the major cluster includes minor projects
- v) ICT – Provide licence details for all ICT software used in the delivery of the public realm service
- vi) Risk management – BBLP to complete the review of the joint risk register and approach to managing financial risk
- vii) Efficiency savings – BBLP to confirm methodology and how they will be delivered
- viii) Cost Mechanisms – Review the application of cost mechanisms and the contract principles

The Cabinet Member has been advised that the client will finalise these details with BBLP and the Assistant Director Environment and Place will approve these final amendments under the power delegated to him by the Decision to approve the principle of the annual plan.

Conditions of Acceptance

- The 'Provider' Balfour Beatty Livings Places engage with the Service Manager to provide further substantive information as identified in points i) to viii) above.
- A risk management workshop to be held to affirm the agreed protocols for the management of risk and review the approach to identifying and managing financial risk for both operational and a strategic perspective.
- The Parties agree to resolve process for scheme development for projects commissioned under the umbrella of Annex 04 by 01st July 2016

Result

The following table captures the result of this Service Manager's review of the entire Annual Plan together with: the actions that are required to enable its acceptance; and the conditions that enable its acceptance (assuming that required actions are completed to the Employer's satisfaction).

Title: HERFORDSHIRE PUBLIC REALM CONTRACT ANNUAL PLAN 2015/16 – Summary Table A																					
	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG																
1.0	Meet the Council's objectives, as per the Contract;	Y	Subject Provider compliance with clause 21.3.2:- i.e. supplying further detail on 'the order and timing of the works' where required.	Agreed	✓																
2.0	Proposed expenditure must be within Capital and Revenue Budgets that have been assigned to Balfour Beatty Living Places (BBLP)	Y	<p>Financial information is provided in the Service Overview</p> <p>The table below sets out the proposed expenditure vs the assigned budgets.</p> <table border="1"> <thead> <tr> <th>Budget</th> <th>Indicative Budget 16/17</th> <th>Assigned Budget 16/17</th> <th>Comment</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>£6,404,000</td> <td>£6,409,000</td> <td>£5k increase from Waste Management for additional Bin emptying</td> </tr> <tr> <td>Capital *</td> <td>£8,985,000</td> <td>£9,881,000</td> <td>Includes £646k pothole (ring fenced funding) & £250,000 trf'd from Hightown.</td> </tr> <tr> <td>TOTAL</td> <td>£15,389,000</td> <td>£16,290,000</td> <td></td> </tr> </tbody> </table> <p>The budget for schemes commissioned under Annex 04 requires further clarification:-</p> <p>The client Contract Management Team will manage this clarification with in consultation with the client and provider representatives</p>	Budget	Indicative Budget 16/17	Assigned Budget 16/17	Comment	Revenue	£6,404,000	£6,409,000	£5k increase from Waste Management for additional Bin emptying	Capital *	£8,985,000	£9,881,000	Includes £646k pothole (ring fenced funding) & £250,000 trf'd from Hightown.	TOTAL	£15,389,000	£16,290,000			✓
Budget	Indicative Budget 16/17	Assigned Budget 16/17	Comment																		
Revenue	£6,404,000	£6,409,000	£5k increase from Waste Management for additional Bin emptying																		
Capital *	£8,985,000	£9,881,000	Includes £646k pothole (ring fenced funding) & £250,000 trf'd from Hightown.																		
TOTAL	£15,389,000	£16,290,000																			

	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG																																				
			<p>Continued.</p> <p>* The Employer's breakdown of the Capital Budgets allocated is as below.</p> <table border="1" data-bbox="734 499 1451 1018"> <thead> <tr> <th data-bbox="734 499 846 539">Annex</th> <th data-bbox="846 499 1211 539">Description</th> <th data-bbox="1211 499 1451 539">Capital</th> </tr> </thead> <tbody> <tr> <td data-bbox="734 539 846 595">3</td> <td data-bbox="846 539 1211 595">End to End Network Improvement</td> <td data-bbox="1211 539 1451 595">£ 3,235,688.47</td> </tr> <tr> <td data-bbox="734 595 846 651">7</td> <td data-bbox="846 595 1211 651">Managing Water on the Network</td> <td data-bbox="1211 595 1451 651">£ 300,000.00</td> </tr> <tr> <td data-bbox="734 651 846 691">8</td> <td data-bbox="846 651 1211 691">TAMP</td> <td data-bbox="1211 651 1451 691">£ 553,703.07</td> </tr> <tr> <td data-bbox="734 691 846 746">9</td> <td data-bbox="846 691 1211 746">Network Management and Traffic</td> <td data-bbox="1211 691 1451 746">£ 225,000.00</td> </tr> <tr> <td data-bbox="734 746 846 802">10</td> <td data-bbox="846 746 1211 802">Network Rehabilitation and Maintenance</td> <td data-bbox="1211 746 1451 802">£ 2,501,206.87</td> </tr> <tr> <td data-bbox="734 802 846 842">11</td> <td data-bbox="846 802 1211 842">PROW</td> <td data-bbox="1211 802 1451 842">£ 42,000.00</td> </tr> <tr> <td data-bbox="734 842 846 882">13</td> <td data-bbox="846 842 1211 882">Street Lighting</td> <td data-bbox="1211 842 1451 882">£ 176,538.94</td> </tr> <tr> <td data-bbox="734 882 846 922">14</td> <td data-bbox="846 882 1211 922">Structures</td> <td data-bbox="1211 882 1451 922">£ 550,000.00</td> </tr> <tr> <td data-bbox="734 922 846 962">LMO</td> <td data-bbox="846 922 1211 962">Local Management Overhead</td> <td data-bbox="1211 922 1451 962">£ 1,650,000.05</td> </tr> <tr> <td data-bbox="734 962 846 1018"></td> <td data-bbox="846 962 1211 1018">Pot hole Fund</td> <td data-bbox="1211 962 1451 1018">£ 646,000.00</td> </tr> </tbody> </table> <table border="1" data-bbox="734 1058 1451 1098"> <tbody> <tr> <td data-bbox="734 1058 846 1098"></td> <td data-bbox="846 1058 1211 1098">Total</td> <td data-bbox="1211 1058 1451 1098">£ 9,880,137.40</td> </tr> </tbody> </table>	Annex	Description	Capital	3	End to End Network Improvement	£ 3,235,688.47	7	Managing Water on the Network	£ 300,000.00	8	TAMP	£ 553,703.07	9	Network Management and Traffic	£ 225,000.00	10	Network Rehabilitation and Maintenance	£ 2,501,206.87	11	PROW	£ 42,000.00	13	Street Lighting	£ 176,538.94	14	Structures	£ 550,000.00	LMO	Local Management Overhead	£ 1,650,000.05		Pot hole Fund	£ 646,000.00		Total	£ 9,880,137.40		✓
Annex	Description	Capital																																							
3	End to End Network Improvement	£ 3,235,688.47																																							
7	Managing Water on the Network	£ 300,000.00																																							
8	TAMP	£ 553,703.07																																							
9	Network Management and Traffic	£ 225,000.00																																							
10	Network Rehabilitation and Maintenance	£ 2,501,206.87																																							
11	PROW	£ 42,000.00																																							
13	Street Lighting	£ 176,538.94																																							
14	Structures	£ 550,000.00																																							
LMO	Local Management Overhead	£ 1,650,000.05																																							
	Pot hole Fund	£ 646,000.00																																							
	Total	£ 9,880,137.40																																							

--	--	--	--	--	--

	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG																											
3.0	Be capable of delivering 3% cashable savings for the Council against the prior year's spend;	Y	<p>Savings targets of £773k on a budget of £6,409m revenue have been identified; these will be subject to regular updates using the Contract governance protocols.</p> <table border="1"> <thead> <tr> <th>Saving Opportunity</th> <th>In Year Revenue Savings Target</th> <th>Approach to Achieve Saving</th> </tr> </thead> <tbody> <tr> <td>Workshop Service Redesign & Restructure</td> <td>£100,000</td> <td>Redesign of delivery model to consider outsourced operation of workshop services.</td> </tr> <tr> <td>Grounds Efficiency</td> <td>£200,000</td> <td>Reduced costs due to the purchase of assets in 2015</td> </tr> <tr> <td>Street Lighting Maintenance Efficiency</td> <td>£95,000</td> <td>Further reduction in maintenance costs of the service achieved through installation of LED lighting.</td> </tr> <tr> <td>NRSWA Income</td> <td>£25,000</td> <td>Increased observation of statutory undertakers' activities, supported by the issue of Penalty Charge Notices, as well as observance of skip and scaffolding licensing.</td> </tr> <tr> <td>PROW Efficiency</td> <td>£10,000</td> <td>Increased utilisation of resources to deliver service at reduced cost through centralised scheduling of works</td> </tr> <tr> <td>Fleet review</td> <td>£100,000</td> <td>Long term hire of fleet, economies of scale through hire across multiple contracts</td> </tr> <tr> <td>Operational Control Centre</td> <td>£78,000</td> <td>The investment in the OCC along will deliver both operational savings and a reduction in property costs.</td> </tr> <tr> <td>Winter Service</td> <td>£50,000</td> <td>Reduced winter period by 2</td> </tr> </tbody> </table>	Saving Opportunity	In Year Revenue Savings Target	Approach to Achieve Saving	Workshop Service Redesign & Restructure	£100,000	Redesign of delivery model to consider outsourced operation of workshop services.	Grounds Efficiency	£200,000	Reduced costs due to the purchase of assets in 2015	Street Lighting Maintenance Efficiency	£95,000	Further reduction in maintenance costs of the service achieved through installation of LED lighting.	NRSWA Income	£25,000	Increased observation of statutory undertakers' activities, supported by the issue of Penalty Charge Notices, as well as observance of skip and scaffolding licensing.	PROW Efficiency	£10,000	Increased utilisation of resources to deliver service at reduced cost through centralised scheduling of works	Fleet review	£100,000	Long term hire of fleet, economies of scale through hire across multiple contracts	Operational Control Centre	£78,000	The investment in the OCC along will deliver both operational savings and a reduction in property costs.	Winter Service	£50,000	Reduced winter period by 2		✓
Saving Opportunity	In Year Revenue Savings Target	Approach to Achieve Saving																														
Workshop Service Redesign & Restructure	£100,000	Redesign of delivery model to consider outsourced operation of workshop services.																														
Grounds Efficiency	£200,000	Reduced costs due to the purchase of assets in 2015																														
Street Lighting Maintenance Efficiency	£95,000	Further reduction in maintenance costs of the service achieved through installation of LED lighting.																														
NRSWA Income	£25,000	Increased observation of statutory undertakers' activities, supported by the issue of Penalty Charge Notices, as well as observance of skip and scaffolding licensing.																														
PROW Efficiency	£10,000	Increased utilisation of resources to deliver service at reduced cost through centralised scheduling of works																														
Fleet review	£100,000	Long term hire of fleet, economies of scale through hire across multiple contracts																														
Operational Control Centre	£78,000	The investment in the OCC along will deliver both operational savings and a reduction in property costs.																														
Winter Service	£50,000	Reduced winter period by 2																														

			Street cleansing	£100,000	weeks	
					Realisation of the benefit of productivity improvements in 2015.	
			Total Savings	£773,000		

	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG
4.0	Be in accordance with the Service Information and contain any information that is required to be included in the Annual Plan by the Service Information;	Y	This is clear throughout.		✓
5.0	Address any priorities set by the Strategic Partnering Board;	N/A	No specific SPB priorities have been set.		✓
6.0	State the financial year to which it relates;	Y	This is clear throughout.		✓
7.0	Provide estimated cost + fee for each activity in the plan;	Y	The financial information is contained in the Service Overview and in detail as part of the information submitted by the Provider. The estimates are driven by the available budget; using the open book process (as defined in the Contract) the Provider will be required to supply further detail when requested to satisfy scrutiny and transparency of the cost components in the Service Annexes.		✓
8.0	Provide details of any risk contingencies in relation to each activity;	Y	Key risks and mitigation have been identified in each service annex. High level risks will be managed through the Partnership risk management process H.C. and BBLP to agree format of the joint risk register and matrices		✓
9.0	State the estimated Local Overhead Cost;	Y	Provided as part of financial information to the client		✓
10.0	Show the order and timing of the works, including works for Others;	Y	Programmes for schemes, projects and work schedules have been produced in the relevant annexes. However, BBLP will be required to agree any programme or schedule as soon as practicable for those schemes insufficiently developed at this juncture.		✓

11.0	Show any dates when the BBLP will require access, acceptances, materials from the Council or information from Others to deliver the Annual Plan;	Y	None identified		✓
------	--	---	-----------------	--	---

	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG
12.0	Show the payment mechanism for each part;	Y	Included in the information provided to the client		✓
13.0	Be practicable; and	Y	No issues identified		✓
14.0	Be a realistic reflection of BBLP's plans.	Y	No issues identified		✓

Conclusion:	Balfour Beatty Livings Places & Herefordshire Council Response
The annual plan is accepted subject to the conditions as set out in this Service Managers Review.	

In accordance with clause 21 of the Contract dated 5th November 2013 - Planning The Delivery of Services, the employers Service Manager accepts the Annual Plan for 2015/16 as submitted by the Provider, subject to the conditions of acceptance as set out in the Summary of Actions tabled in this review.

The Employer: Herefordshire Council

Authorised signatory

..... Sean Rooney Service Manager (Interim)

Date.....

The Provider: Balfour Beatty Living Places

Authorised signatory

..... Dr Alasdair MacDonald Contracts
Director

Date.....