

Decision maker:	Cabinet member transport and roads
Decision date:	30 March 2017
Title of report:	Balfour Beatty Living Places public realm annual plan 2017/18
Report by:	Head of highways and community services

Classification

Open

Key decision

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

And

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards affected

County-wide

Purpose

To confirm the annual plan 2017/18 for the public realm services contract with Balfour Beatty Living Places

Recommendation(s)

THAT:

- (a) the annual plan for public realm services, as outlined at appendix 2 of this report be approved as the basis for service delivery during 2017/18;and**
- (b) the assistant director environment and place be authorised to agree, through the contract governance arrangements, final adjustments to the programme and budget allocation to each of the annex areas (including, but not limited to,**

the investment, in accord with the approach set out in this report, of all funds received from the National Productivity Investment Fund, the Local Highways Maintenance Challenge Fund in 2017/18 and the capital programme) and any in year adjustments to the plan.

- (c) the assistant director environment and place provides a further report appraising the options for the future resourcing of road maintenance to secure improved asset condition over its whole life.**

Alternative options

- 1 Not to approve the annual plan in its current form. This is not recommended as operating without an approved annual plan may put budget, performance and contract management arrangements at risk. If in year changes to the service as detailed in this annual plan are required, then these can be best managed, from the baseline position established in the annual plan, through the change management processes that are in the public realm services contract and managed through the client contract management team.

Reasons for recommendations

- 2 The annual plan has been developed by Balfour Beatty Living Places (BBLP) in cooperation with council officers to ensure that it meets the council's objectives for the public realm (highways and related services) within the assigned budgets. The service manager's acceptance of the annual plan has ensured that the annual plan complies with the terms of the public realm services contract. Cabinet member approval of the plan provides final confirmation of this acceptance and in doing so ensures that the plan provides a sound basis for performance and contract management during the forthcoming financial year. The council has confirmed that the necessary contractual requirements have been complied with in regard to the annual plan.

Key considerations

- 3 The public realm services contract between Herefordshire Council and BBLP commenced on the 1 September 2013. This is one of the council's strategic and most significant contracts in terms of range of services and their value. To ensure the services provided through the contract meet the council's requirements, the contract requires the production of an annual plan.
- 4 This annual plan for the 2017/18 financial year will be the fourth such plan developed in relation to public realm services and has been developed utilising the knowledge, lessons learnt and continuous improvement during the first three years of the contract. The annual plan has been developed jointly between BBLP and council officers, with engagement from ward members and parish councils. It will make best use of the available capital and revenue resources and ensure the delivery of the revenue savings required by the Medium Term Financial Strategy.
- 5 Through the first three years of the contract, the council and BBLP have together delivered a substantial increase in the investment in roads. An extra £20 Million of the council's capital has been invested along with increases in the capital funding that central government have provided for the maintenance of the highway asset. All such funds have been invested in accord with the council's asset management strategy and as a consequence of this the demand for reactive repairs across our 2000 miles of roads has been curtailed.

- 6 Over the same period, we have worked with BBLP to transform the service and deliver revenue savings of 30%. This has achieved a reduction in annual revenue expenditure on public realm services from £9.1m in 2014/15 (the first full year of the contract) to £6.4m in 2016/17. This has been achieved through a range of efficiencies and service changes. Where possible service has shifted from the reactive to the pro-active and works have been designed to enhance the value or life of the highway asset. This has maximised the proportion of our activity that can be funded from capital budgets. Operational efficiencies have been delivered through changes in working practices, a reduction in the number of depots used by the service, locality working with communities and the introduction of new technology supported by a single operational control centre. The consultation with Members and Parish Council's during the preparation of the 2017/18 Annual Plan highlighted concerns that levels of service in relation to routine highway drainage, street cleansing and grass cutting should not be reduced.
- 7 The investment made to date has set an environment for change and in this annual plan we have been able to respond to concerns expressed by stakeholders and target available resources to key revenue based activities. The council has been amongst the first in the country to be able to fully develop a risk based approach to its routine highway maintenance activities, an approach that is promoted as best practice in the latest highway maintenance code of practice. It is therefore proposed to further target available revenue resources to routine work with a view to protecting the improved assets achieved through capital investment to date. This along with the benefits that have yet to be realised through a sustained investment in roads. In particular, highway drainage will be enhanced in this fourth annual plan.
- 8 Being guided by our corporate plan priorities and the need to manage within the budget currently available to the council it is acknowledged that the current budgetary provision will achieve a level of road surface maintenance performance which is lower than desired. It is therefore being recommended that officers be asked to carry out an options appraisal of additional funding opportunities or resourcing models in order to secure improvement in this area in future years, whilst not impacting adversely on the council's corporate plan priorities.
- 9 The overall condition of the highway asset can only be enhanced, by a forward programme that includes for sustained investment at the right level over the whole life of the highway asset and an ongoing programme of works that is targeted at treating roads as they are showing signs of deterioration, fixing roads before they need larger, more costly repairs. This approach would be guided by our corporate plan priorities and be in accord with the council's asset management strategy.
- 10 Each year's annual plan sets out details of the services to be provided during the relevant financial year and demonstrates that these public realm services can achieve the council's objectives within the available budget, whilst demonstrating value for money.
- 11 In developing the annual plan, these services are expected to demonstrate within the available budget how we will ensure that the public realm is accessible, safe, clean and well maintained. In addition, the plan must demonstrate that the delivery of essential services is efficient, responsive to local needs and are value for money. Through this work, these services are expected to contribute to the council's corporate objectives in relation to the economy and social capital of Herefordshire.
- 12 Where trends in performance indicate that the plan is not achieving the expected contribution to the council's corporate objectives, it will be adapted within the parameters of what can be achieved within the available budget, whilst demonstrating value for money. Currently, there is an upturn in the number of people who have been killed or

seriously injured on our roads. Any such deviation from the downward trend that has been experienced in this area, over a number of years, is cause for serious concern. Detailed work is underway to understand causation and identify, as appropriate, the adaptations to this annual plan, and any subsequent plans.

- 13 The public realm services contract requires each annual plan to be approved by the strategic partnering board for the contract. The strategic partnering board should approve the plan developed by BBLP unless:
 - the annual plan would not meet the employer's objectives; or
 - the delivery of the annual plan will exceed the relevant services budget; 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; 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.
- 14 The annual plan was presented to the strategic partnership board on the 24 February 2017 who have agreed with the plan and provided approval.
- 15 The public realm services contract also requires BBLP to provide details of time; cost; risk; cashable savings; local overheads; order and timing of work; key dates for access to the public realm, acceptances, materials/information that the employer and others will need to provide; payment mechanisms; and key service information.
- 16 In line with previous years, it is proposed that the assistant director, environment and place be authorised to make any in year adjustments as recommended by the strategic partnering board.
- 17 There will be a need to make in year adjustments to the annual plan, for funding which is not yet finalised or secured, the anticipated funding includes:
 - National Productivity Investment Fund: £1,960,000 that the council will receive in 2017/18. The detail of this funding award was accounted by the department for Transport on 13 January 2017. It is proposed that this funding, which must be spent on improving local road networks, be invested in the maintenance of highway structures. 36 bridges across the county have been identified as a priority for maintenance. 10 of these have an assessed residual life of less than five years. The loss of any of these structures through their closure or structural failure will impact accessibility, as communities are forced to use (often long) alternative routes. A structural failure could cause serious injury or damage to road users. The reputational and financial impact of a bridge collapse and the realistic timescales for and expense of any works to restore or replace a bridge that has failed, are significant. In order to address this we will focus the funding received from the National Productivity Investment Fund on an extensive programme of works to all 36 structures. The detail required for this programme of work's inclusion in the annual plan has yet to be finalised. As such, it will be included as soon as able in 2017/18 under the authority delegated by this decision.
 - The Department for Transport's Local Highways Maintenance Challenge Fund: The council has submitted a bid which may secure up to £5m of additional funding from

Government. This Fund is to enable local highway authorities in England to bid for major maintenance projects that are otherwise difficult to fund through the normal Needs Based Formula funding they receive. This is to support the growth in Herefordshire's economy through the improvement in the condition of the parts the highway network that provides cross county access to Herefordshire's Enterprise Zone and tie into the route of Hereford's Southern Link Road. The success of this bid is not known in advance of the production of the 2017/18 annual plan. As such, the programme of work required to deliver in accordance with a successful bid will also be included as soon as able in 2017/18 under the authority delegated by this decision. .

- 18 The contract requires the service manager (who is the head of highways and community services) to accept the annual plan within 20 days of it having been submitted. BBLP submitted the draft annual plan on the 28 February and acceptance was given within the 20 days. The service manager's acceptance has been given subject to a number of conditions (as detailed in appendix 2).
- 19 It should be noted that under the terms of the contract the service manager can only reject the annual plan if:
- it does not reflect matters approved by the strategic partnering board;
 - 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.
- 20 The annual plan can be accepted, but it is not an approved plan until such time as the strategic partnering board grant approval. If that board require the plan to be amended then the service manager will consider the acceptance of that revised plan on receipt all in accordance with the terms of the contract.

Community impact

- 21 There is clear evidence that the effective management of the public realm, which includes highways, parks and public rights of way, is an important contributor to the county's health, wellbeing and economy.
- 22 A clear measurable annual plan provides a mechanism for monitoring performance and supports the council to achieve its corporate plan priority to secure better services, quality of life and value for money for the people of Herefordshire.

Equality duty

- 23 An equality impact assessment is an integral part of the annual plan and has been considered for each element of the service. (This can be found in Appendix D of the annual plan).
- 24 A service wide assessment of the change of services has been conducted to provide an overview of the key areas of impact as a result of changes in service scope. By assessing the information contained in the annual plan against all the equality areas, it is

considered that there is a low risk of specific equality needs not being identified and addressed.

25 Two key areas are highlighted for consideration in regard to this decision:

- Reduction in the provision of services in grounds maintenance will generally impact older residents, those with a physical disability, or mobility impairment. The result of any such reduction will be temporary restriction to their ease of movement across the highway network.
- Those who are visually impaired may be disadvantaged through any lack of information in regard to works and services. This is of particular importance to Herefordshire as the Royal National College for the Blind is located within the County. A strategic approach to ensuring information is disseminated to these groups and that their needs are integrated into the culture of service delivery is an essential component of our delivery.

26 In addition to this overview, where applicable, each annex to the annual plan will provide an assessment of the impact of changes to the service.

Financial implications

27 The annual plan is (currently) funded as summarised in the table below. In line with the approved annual capital and revenue budgets which in turn align to the council's medium term financial strategy.

2017/18 Budget (£ 000's)	
Revenue	£6,132
Capital	£13,027
Total annual plan	£19,159

28 The revenue budget of £6.132m is after allowing for the £580k of recurring savings identified and approved as part of the MTFs and budget setting process.

- 29 The following funding is to be included in the annual plan in 2017/18, subject to decisions taken in accord with the authority delegated by this decision.

2017/18 Capital Budget (£ 000's)		
National Investment Fund	Productivity	£1,960 This funding was confirmed following the finalisation of this annual plan.
Local Maintenance Fund	Highways Challenge	Up to £5,000 of additional funding from Government. Together with an equivalent proportion of match funding from the council's capital. All to be determined as part of the council's bid. All subject to the success of the bid.

Legal implications

- 30 The annual plan has been developed to ensure that the council's duties in relation to public realm are complied with.
- 31 Contractual requirements in regard to the acceptance of the annual plan have been complied with.

Risk management

- 32 A comprehensive review of the annual plan undertaken by the council's contract management, service manager and a number of senior officers has identified a number of conditions of acceptance. (These are in addition to the conditions established in the public realm services contract). These additional conditions are designed to manage risk as associated with the acceptance of the annual plan as proposed. BBLP have agreed to these conditions.
- 33 The risks, their consequences and any mitigating actions have been considered in detail in the development of the annual plan. Risk is managed through the governance structures created for and supported by the public realm services contract, which links with and escalates to the council's corporate risk management regimes.

Consultees

34 A ward member engagement session was held on 28 September 2016 which detailed areas of potential service change and outcomes expected from the annual plan. This was followed by a session for parish councils held on 11 October. All council members and parish councils were invited to comment on the activities programmed as part of the annual plan. Drop in sessions were held on 13 and 14 December 2016 where BBLP staff were on hand to discuss activities included in the annual plan including draft programmes. The annual plan will be presented to members in a session planned to take place in March 2017.

35 All feedback and views received have been considered in the finalisation of the annual plan 2017/18.

Appendices

Appendix 1 Annual plan 2017/18 service manager review

Appendix 2 Service overview annual plan 2017/18

Background papers

- None identified