

Decision maker:	Cabinet member transport and regulatory services
Decision date:	26 March 2018
Title of report:	Public realm annual plan 2018/19
Report by:	Commercial and contract manager

Classification

Open

Decision type

Key

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 concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

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

(All Wards);

Purpose and summary

To confirm the annual plan 2018/19 for the public realm services contract with Balfour Beatty Living Places.

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.

Recommendation(s)

THAT:

(a) the annual plan for public realm services, as outlined at Appendix 1 of this report be approved as the basis for service delivery during 2018/19; 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 Local Highways Maintenance Challenge Fund for 2018/19 and the capital programme) and any in year adjustments to the plan.

Alternative options

- 1 Not to approve the annual plan. 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.
- 2 To approve an alternative annual plan for 2018/19; this option is not recommended as the development of the annual plan has gone through a robust process with BBLP and the councils representatives to ensure effective prioritisation and asset management have been applied within the overall budgets available.

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 The services delivered in Herefordshire through the public realm contract support the councils key priorities: Supporting Growth of our Economy, through the major infrastructure projects and major surfacing programmes; Securing Better Service and Value For Money, through effective forward planning, programming and early engagement with supply chains; Residents live safe lives and quality of life, through delivering a safe, clean and well maintained network and engaging well with communities.

- 5 This annual plan for the 2018/19 financial year will be the fifth such plan developed in relation to public realm services and has been developed utilising the knowledge, lessons learnt and continuous improvement during the first four 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.
- 6 The key priority for the service is sustaining the overall condition of the highway, through effective asset management with surfacing and patching programme, with the aim of limiting the occurrence of potholes. The responsive element of the service delivers repair works to the network, taking it as far as the investment will allow.
- 7 Through the first four years of the contract, the council and BBLP have together delivered a substantial increase in the investment in roads. An extra £20m of the council's capital was 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 2,000 miles of roads has been curtailed.
- 8 The National Highway Transport network (HNT) has published results of the CQC (care, quality, cost) Efficiency Network results 2017. The expenditure data and other data collated by the council is analysed by CQC for the network for Road Carriageways Maintenance. The results indicate Herefordshire Council has a year on year improvement in efficiency. Results can be viewed on; <https://nhtcqc.econtrack.com//Default.aspx>
- 9 The Department for Transport's Local Highways Maintenance Challenge Fund was announced in August 2017. The council secured funding of £5m from Government, with council match funding of £3m. This funding is supporting the growth in Herefordshire's economy through the improvement in the condition of the parts of the highway network that provides cross county access to Herefordshire's Enterprise Zone and ties into the route of Hereford's forthcoming Southern Link Road. The first phase of works commenced in August and completed in November 2017, the second and final phase for the Challenge Fund works is due to commence in the spring and be completed in the summer 2018, detailed in the annual plan. The detailed implementation plan for the second phase of works has been developed in consultation with local businesses and will be subject to separate governance prior to implementation.
- 10 The Enterprise Zone capital intervention phase 3 works are commissioned through the public realm annual plan 2018/19. The cabinet member decision taken 30 June 2017 sets out the phase three of development budget allocated to be invested on infrastructure at the Hereford Enterprise Zone. Works will include plot groundwork development and four sections of footway/cycleway will be delivered to promote sustainable transport though the development and to encourage non-motorised methods of travel to the work place, which is reflected in the annual plan. The delivery of the works will provide an income for the council through retained business rates on the units, which will support re-investment in economic growth in LEP area.
- 11 The Annual Plan covers the delivery of major schemes including the Hereford Transport Package (which includes the Hereford bypass), the South Wye Transport Package (which includes the Southern Link Road, the Hereford City Centre Transport Package (which includes the recently opened City Link Road, transport hub and public realm improvements on surrounding network), and improvements within Hereford city centre. Within the city centre, the next phase of refurbishment of the pedestrianised area is due to commence in

May 2018. The programme for the work takes account of the need to avoid disruption during the Weeping Window Poppy display and other key trading periods. Phase two comprises of Commercial Street, from the Kerry at the north to just south of Gomond Street. The phase extents were selected to cover an area of High Town with a significant number of paving defects. The works will include paving, drainage and street furniture to improve the public realm in this area and reduce future maintenance liability. (Appendix 3 – High Town phase two site map)

- 12 The council 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 £6.1m in 2017/18. 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 2018/19 Annual Plan highlighted concerns that levels of service in relation to routine highway drainage, street cleansing and grass cutting should not be reduced any further.
- 13 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.
- 14 The additional investment that has been delivered through past annual plans has made a real difference and has established an environment for change. However, if the level of investment going forward is sustained at the level in this annual plan, then the highway asset will be in a state of managed decline.
- 15 A decline in the overall condition of the highway asset can only be halted 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 all in accord with the council's asset management strategy.
- 16 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.
- 17 The contract sets out 12 Operational Performance Indicators (OPI), which are monthly performance measures against service delivery, and are assessed by the councils contract management team. BBLP's overall performance for 2017/18 (to date) is positive with good operational performance being achieved. (Appendix 4 – BBLP operational performance report)
- 18 Service improvements have been identified, in particular the effectiveness of communication.

This area of the service is currently being reviewed by the partnership and will undergo improvement to bring up to the expected standards. The changes will be monitored and reviewed on a regular basis and overseen by the monthly contract Operational Board.

- 19 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.
- 20 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.
- 21 The public realm services contract requires each annual plan to be approved by the strategic partnering board for the contract. Subject to the approval of the recommendations of this report the strategic partnering board will be asked to formally approve the plan at their next meeting. 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 (SPB). The SPB members are; HC Director for Economy Communities and Corporate (Geoff Hughes), Assistant Director for Environment & Place (Richard Ball), Head of Highways & Communities (Clive Hall), Commercial & Contracts Manager (Laura Lloyd), Steve Halliwell (BBLP Managing Director) & Andy Williams (Contracts Director). The additional attendees to SPB are; Councillor Durkin and Councillor Price.
- 22 The annual plan has been discussed by the strategic partnership board during its preparation.
- 23 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.
- 24 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.

- 25 The contract requires 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 8th February 2018 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).
- 26 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.
- 27 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.
- 28 An annual plan presentation will be given to members at the Thorn depot in April and parish briefing sessions will be held at Thorn and Kingsland depot, also in April.
- 29 The OPI's have been reviewed and adjusted to reflect the partnerships expectations for good performance for 2018/19, with the introduction of three new OPI's, which includes; customer service response, major projects programme delivery and major projects programme management. The definitions and measures are currently being finalised and will be in place for the 1st April 2018.

Community impact

- 30 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.
- 31 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

- 32 Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

33 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. BBLP is fully aware of their contractual requirements in regards to equality legislation. This decision will have no negative impact on the council or BBLP's compliance with this duty.

Resource implications

34 The annual plan is 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.

2018/19 Budget (£ 000's)	
Revenue	£6,559,000
Capital	£21,420,000
Total annual plan	£27,879,000

35 The council has aligned capital and revenue projects that are delivered through BBLP into the annual plan for 2018/19, to improve forward planning and service delivery through efficiencies and more effective service. This has increased the annual plan budget and reduced out of plan commissioning.

36 The revenue budget of £6,475,000 is after allowing for the £215,000 of recurring savings identified and approved as part of the MTFs and budget setting process.

37 Savings target for 2019/20 of £175,000 has been identified to be delivered within 2018/19, as identified within Appendix 2 Service Managers Overview.

Legal implications

38 The contract with BBLP enables the council to discharge a number of significant statutory duties relating to the public realm. The relevant legislation and policy context is set out on page 9 of the Annual Plan Service Overview (Appendix 1 to this Report). In addition the council has a general duty to secure best value in the exercise of all of its functions. The development and review of the annual plan, as part of the council's long term contractual relationship with BBLP, is a key mechanism for the discharge of these legal duties.

39 Contractual requirements in regard to the acceptance of the annual plan have been complied with.

Risk management

40 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.

- 41 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

Risk / opportunity	Mitigation
Ensuring value for money is achieved in future years	Value for money is tested at various stages of the annual commissioning process and the partnership are constantly looking at ways to improve value for the council and residents of Herefordshire.
Good quality effective service is continuously delivered	Performance is closely monitored through Operational Performance Indicators and Strategic Performance Indicators, to ensure services are delivering to target and continuously improved, where possible. The contract model incentivises good quality performance.

Consultees

- 42 The drafting of the annual plans were consulted with clients from Herefordshire council and BBLP service champions. Feedback and lessons learnt for service improvement were brought into the finalisation of the annual plans. There are no significant services changes. The General Scrutiny Committee reviewed the performance of the Public Realm contract at its meeting on the 29th January 2018. The committee recognised the importance of the services provided through the contract and the draft recommendations of the committee have been considered when preparing this report.

Appendices

Appendix 1: Annual plan service overview 2018/19

Appendix 2: Annual plan service manager review 2018/19

Appendix 3: High Town phase two site map

Appendix 4: BBLP Performance Report January 2018

Background papers

- None identified