

<b>Decision maker:</b>	<b>Cabinet member transport and regulatory services</b>
<b>Decision date:</b>	<b>Thursday 14 March 2019</b>
<b>Title of report:</b>	<b>Public realm service annual plan 2019/20</b>
<b>Report by:</b>	<b>Commercial and contract manager</b>

## **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 2019/20 for the public realm services contract with Balfour Beatty Living Places.

The annual plan has been formed by Balfour Beatty Living Places (BBLP) based on instruction by the council 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 2019/20 with an overall budget of up to £21,321,300; and**
- (b) the acting assistant director highways and transport be authorised to agree, through the contract governance arrangements, final adjustments to the programme and budget allocation to each of the annex 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 2019/20; this option is not recommended as the development of the annual plan has gone through a robust process with BBLP and the council's 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 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 council's key priorities: Support the growth of our economy, through the major infrastructure projects and major surfacing programmes; Secure better services, quality of life and value for money, through effective forward planning, programming and early engagement with supply chains; Enable residents to live safe, healthy and independent lives, through delivering a safe, clean and well maintained network and engaging well with communities.
- 5 This annual plan for the 2019/20 financial year will be the sixth such plan developed in relation to public realm services and has been developed utilising the knowledge, lessons learnt and continuous improvement during the first five years of the contract. The annual plan has been formed by BBLP based on instruction from Herefordshire Council, 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 Through the first five years of the contract, the council and BBLP have together delivered a substantial increase in the investment in roads. An extra £25m 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.
- 7 The National Highway Transport network (HNT) has published results of the CQC (customer, quality, cost) Efficiency Network results 2018. 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: <http://www.nhtnetwork.org/nht-public-satisfaction-survey/findings/>
- 8 The final phase of the Challenge Fund surfacing works are to be completed in 2019/20, with a significant proportion of the surfacing works completed in 2017/18 and 2018/19. This project 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. A detailed implementation plan for the final phase of works will be developed in consultation with local businesses prior to implementation.
- 9 The public realm contract also covers the delivery of major schemes including the Hereford Transport Package (which includes the Hereford bypass) with a budget of £3.5m, the South Wye Transport Package (which includes the Southern Link Road) with a budget of £17m, the Hereford City Centre Transport Package (including the transport hub and public realm improvements on surrounding network), and improvements within Hereford city centre with a budget of £5.5m. These packages of work are subject to individual Cabinet decisions and will have full proposals and costings developed for the individual projects in year.
- 10 The community commissioning model was implemented for 2017/18; the model supports parishes and individuals to purchase enhanced public realm services such as village white gating to additional litter bins, through the council. The service is then provided by BBLP or a provider of the parish's choice, subject to approval. The model has been more popular than anticipated with over 80 requests from parishes for enhanced service or equipment. A supportive toolkit for the community commissioning has been developed by BBLP, which has been consulted on with a few parishes who have gone through the process already, this is now available on the council website. A case study is provided in appendix 4.
- 11 On going continuous improvement reviews within the public realm service have identified better ways of working and improvements required with overarching programming. This is currently being reviewed through lessons learnt and action plan to improve this area of the service. This will be monitored and assessed by the councils contract management team.
- 12 The council have worked with BBLP to transform the service and deliver revenue savings over the contract period to date of 30%. This has seen 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 and other public realm assets. 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 2019/20 Annual Plan highlighted concerns that levels of service in relation to routine highway drainage, street cleansing and grass cutting should

not be further reduced.

- 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 now required 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 risk based approach Highways Maintenance Plan has been in place for 18 months and an extensive review of the implementation is nearing completion. The annual plan 2019/20 has been constructed in anticipation of an agreed iteration over the summer. The conclusion of the HMP review will require a governance decision before any changes are implemented.
- 15 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 cannot be sustained, then the highway asset will be in a state of managed decline.
- 16 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.
- 17 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. This annual plan continues with the implementation of agreed changes in funding for locality working, building upon the changes to the lengthsman and P3 scheme through the further use of the community commissioning model. There are no other significant changes for the annual plan 2019/20.
- 18 The contract sets out Operational Performance Indicators (OPI), which are monthly performance measures against service delivery, and are assessed by the council's contract management team. During 2018/19 two new OPI's were developed to provide additional monitoring of major projects management; this brought the total number of OPI's to 14. BBLP's overall performance for 2018/19 (to date) is positive with operational targets being achieved. (Appendix 2 – BBLP operational performance report)
- 19 The current years annual plan, 2018/19, is forecast to deliver to agreed programme by the end of the financial year, with the exception of some flood modelling works due to staffing resource with subcontractors in this very specialist area of work. A review of programme has been undertaken between HC, BBLP and WSP (subcontractor) and additional resource secure with a re-profiled programme and included in the 2019/20 Annual Plan as appropriate. It is anticipated this will be completed in May/June 2019.
- 20 In developing the annual plan, the provider (BBLP) is 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 delivered are expected to contribute to the council's corporate objectives in relation to the economy and social capital of Herefordshire.

- 21 If necessary, changes can be agreed within the year to ensure objectives are achieved, subject to appropriate governance.
- 22 The public realm services contract requires each annual plan to be approved by the strategic partnering board for the contract. The strategic partnership board were presented the annual plan for 2019/20 on 31 January 2019 and have given their support to progress the recommendations to Cabinet Member decision. 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 and Place; Assistant Director for Highways & Transport; Commercial & Contracts Manager; BBLP Managing Director; Work Winning Director and Contracts Director. The additional attendees to SPB are: the cabinet members Transport and Regulatory Services, and Infrastructure.
- 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, highways and transport be authorised to make any in year adjustments as recommended by the strategic partnering board.
- 25 The contract requires the Service Manager, Assistant Director for Highways & Transport, to accept that the annual plan meets the requirements set out within the contract, within 20 days of it having been submitted, in preparation of it being considered by cabinet member. BBLP submitted the draft annual plan on 4 February 2019 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 3).
- 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 A review of the OPIs has been completed by the partnership, which identified some minor adjustments to the definitions, which will be in place for 1 April 2019. The two new OPI's introduced in 2018/19 have been incorporated into 2019/20 targets.

## **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
- 32 The service supports a diverse range community projects and events in Herefordshire through community engagement or volunteer days projects with BBLP delivering 109 community projects for 2017/18 and 72 projects for 2018/19 (to December 2018). Staff time is provided at no cost to the council by BBLP to support community projects and 'in kind' support through the loan of kit, materials and equipment etc.

## **Equality duty**

- 33 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.
- 34 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, and is proactive in considering its duty when commissioned by or working with the council to introduce public realm projects. The effective management of the public realm supports equality through the improvement of access to public spaces and maintenance (lighting, footways etc) of public rights of way. This supports persons that share a protected characteristic in particular those that are disabled and women.

## Resource implications

- 35 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.

<b>Funding streams (base budget / external / grant / capital borrowing)</b>	<b>2019/20</b>
	<b>£000</b>
<i>Local Transport Plan (LTP) Capital Budget – Grant</i>	<b>11,018,000</b>
<i>Highways Asset Management Capital Budget – Grant and borrowing</i>	<b>2,108,000</b>
<i>E &amp; P's S106 Capital Budget – external funding</i>	<b>640,500</b>
<b>Total Capital Funding</b>	<b>13,766,500</b>
<i>Revenue budget 2019/20</i>	<b>6,120,000</b>
<i>Balance of: 'Additional investment in public realm services' (24 July 2018 Decision)</i>	<b>1,434,800</b>
<b>Total Revenue Funding</b>	<b>7,554,800</b>
<b>TOTAL Funding</b>	<b>21,321,300</b>

- 36 Herefordshire councils LTP grant totals £12,272k for 2019/20, the amount retained by the council is £1,254k which supports the loan principle repayment and also contributes to council staffing.
- 37 The Highways Asset Management capital programme budget that has been approved is £4,858k, of which £2,750k is retained by the council, pending further decisions.
- 38 The Economy & Place Section 106 capital budget will be draw down from developer contributions already received, which will be approved by the Chief Finance Officer.
- 39 The contract 3% cashable savings target for 2019/20 is £639,639; of which £300k revenue savings, which has been allowed for in the budget of £6,120k and is identified as part of the MTFS and budget setting process; and £340k of capital savings which is anticipated to be achieved through gain share in year. Further detail within Appendix 3 Service Managers Overview.
- 40 There are no HR implications and no change to IT systems or property/depos, this can be reviewed in Appendix 1 under the Local Management Overhead (LMO).

## Legal implications

- 41 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.

## Risk management

- 42 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.
- 43 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

- 44 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.
- 45 The political groups have been consulted with on the decision for public realm service annual plan 2019/20, no comments as yet



46 Continued engagement events for members and parishes have taken place in autumn, to share information on new approach such as the jetpatcher, general service delivery and an opportunity for members and parishes to feedback on their experiences of the service. Further briefings are scheduled for Members and Parishes in April and May 2019.

## **Appendices**

Appendix 1: Annual plan service overview 2019/20

Appendix 2: BBLP Performance Report January 2019

Appendix 3: Annual plan service manager review 2019/20

## **Background papers**

None