

**Written statement of a key decision**  
**Cabinet**

<b>Title</b>	<b>Public Realm Services Future Operating Model</b>
Decision maker	Cabinet Information about cabinet, including the names and contact details of the cabinet members, can be found here: <a href="http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251">http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251</a>
Date of decision	2 March 2023
Report exemption class	Open
Reason for being a key decision	<p>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.</p> <p>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.</p>
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	<p>A review has determined that the council's current public realm services and contracting arrangements will not deliver the council's medium to long-term aspirations.</p> <p>The council's vision is to design and deliver new public realm services that are fit for the future, embracing technology and digital innovation, a transition to electric plant, vehicles and new materials to meet net zero carbon by 2030, investment in our people that support development and innovation enabling the service to continually improve, maximising resources and opportunities to best meet the needs of local residents and communities.</p>

	<p>To achieve this vision the council, working in partnership with the Public Realm Service Contractor, seek approval to select and develop a Future Operating Model that has been determined as the best model to deliver this vision while minimising service and financial risks during this period of change.</p>
<p><b>Decision</b></p>	<p><b>That:</b></p> <ul style="list-style-type: none"> <li>a) <b>Cabinet note the outcome of the midpoint review of the public realm services contract;</b></li> <li>b) <b>Cabinet approve the selection and development of Future Operating Model Five being “In house client and technical staff with existing provider (single contract) for top up professional services and works”;</b></li> <li>c) <b>Cabinet note and support the commitments and initiatives in paragraph 28 a-h to be developed between the council working in partnership with the Public Realm Services Contractor;</b></li> <li>d) <b>Cabinet delegate the design and development of Future Operating Model Five to the Corporate Director of Economy &amp; Environment in consultation with the s151 Officer and the three Cabinet Members for Infrastructure and Transport, Commissioning, Procurement and Assets and Finance, Corporate Services and Planning; and</b></li> <li>e) <b>Cabinet approve the executive response to the scrutiny recommendations as set out in appendix L to the report.</b></li> </ul>
<p>Reason for the decision</p>	<p>As set out in the report. Documents relating to this decision are available at</p> <p><a href="http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50043852">http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50043852</a></p>
<p>Options considered</p>	<p>To support the council’s selection of the public realm services Future Operating Model (FOM), engagement took place during 2022 with officers, Group Leaders, cross party Members and the three Cabinet Members for Infrastructure and Transport, Commissioning, Procurement and Assets and Finance, Corporate Services and Planning to understand what was important to the council regarding these services, and what had been learnt from the current operating model that had commenced in 2013.</p> <p>2. From this engagement eight Key Objectives were derived.</p> <p>Key Objective Description of what the Council would like to achieve</p> <ul style="list-style-type: none"> <li>1. Assurance - The council seeks a level of assurance regarding the operation of the service, where technical staff are directed by council employed staff who commission the services, manage the network, develop the annual plans, provide technical expertise and provide adequate levels of scrutiny, challenge and assurance to services being delivered by the contractors.</li> <li>2. Flexibility - The new arrangements need to be able to flex to deliver seasonal workload fluctuations, changes to budgets (up and down) and resilience to deliver the council’s annual works programme, infrastructure projects and support with</li> </ul>

civil emergencies. Environment - The future arrangements must be aligned with the council's commitments to carbon net zero and wider environmental requirements.

3. Customer - The services must be focussed on delivering excellent customer services where the quality of service, digital reporting and access to information (CRM) and speed of response are key factors.
4. Expertise - To deliver the broad range of public realm services, the council will require access to industry expertise, best practice (what is working well in other areas) and innovation to develop and improve services continually.
5. VFM - Any contracted services resulting from the model selected must be attractive to the market to ensure interest and competition. The model selected must promote continual improvement, innovation and efficiencies and evolve during its term.
6. Risk - The future arrangements and any supporting contracts must place an appropriate balance of risk between the council and any providers, in the knowledge the council will ultimately pay for risk held by the provider.
7. Social Value - Social Value refers to the wider financial and nonfinancial value created by an organisation through its day to day activities in terms of the wellbeing of individuals and communities, social capital created and the environment.

3. In 2013 the government promoted "Highways Maintenance Efficiency Programme" and developed a procurement toolkit which aimed to deliver efficiency savings through the delivery of highway maintenance services procured by local highway authorities. The toolkit recommended the models provided in figure 1, below, should be considered by local authorities while considering service provision.

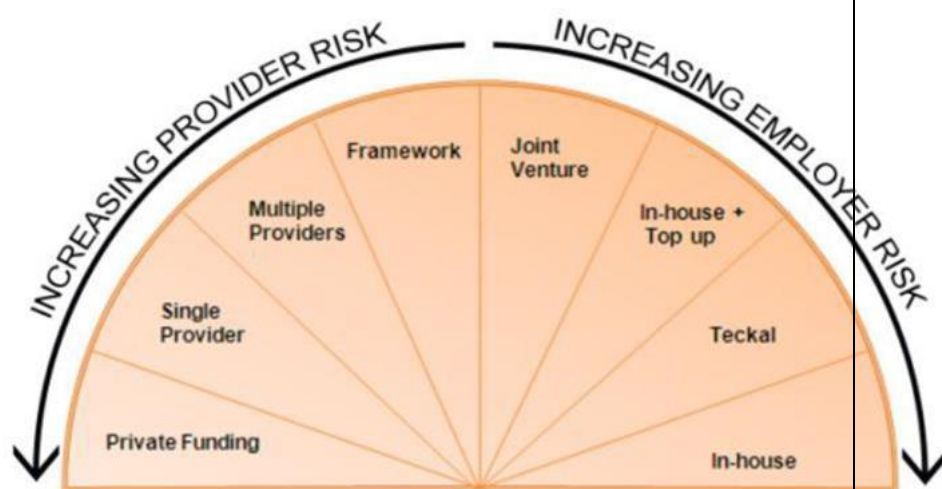


Figure 1 - Extract from the HMEP Toolkit and a link to the HMEP procurement toolkit providing more detailed information is provided in the supporting documents section of this report.

4. Aligned with national best practice the council used this HMEP model as a starting position for development of the FOM. From this six operating models well known and understood in the industry

	<p>were shortlisted, that could potentially deliver the council's objectives were selected. These six models were then assessed and scored against the council's Key Objectives.</p> <p>1 Council deliver all services in house  2 Council core services and works delivered in house, with contracts for specialist top up services and major works  3 In house client and technical staff with framework for top up professional services and multiple contracts for works  4 In house client and technical staff with framework for top up professional services and single contract for works  5 In house client and technical staff with existing provider (single contract) for top up professional services and works  6 Thin client with sole integrated contract for professional services and all works</p> <p>5. Model Six being Thin client with sole integrated contract for professional services and all works is the model of the current contract with BBLP, that has been in operation since 2013. Thin clients with high levels of outsourcing as per this model, can be effective and provide VFM where both Members and officers are comfortable with the high level of delivery sitting with the contractor. Although the council retain ownership of the policy, for this model to be successful the contractor is required to deal directly with customers including residents and Members, without cross referral to council officers to efficiently manage operational matters. Where this form of relationship is successful and efficient, a high level of trust and collaboration is established and maintained between the client and the contractor.</p> <p>6. The output of the options appraisal with reasoning for the scoring is provided in Appendix A, which demonstrates Model Five was the FOM that would best meet the council's Key Objectives being In house client and technical staff with existing provider (single contract) for top up professional services and works. This model is explained later in the report.</p>
Declarations of interest (see below)	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	9 March 2023

Councillor: .....	Date 2 March 2023
Leader of the Council (Councillor David Hitchiner)	

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

and

- in respect of any declared conflict of interest, a note of dispensation granted.