

<b>MEETING:</b>	<b>GENERAL OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>8 SEPTEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>PUBLIC REALM SERVICES – BALFOUR BEATTY LIVING PLACES UPDATE</b>
<b>REPORT BY:</b>	<b>ASSISTANT DIRECTOR PLACE BASED COMMISSIONING</b>

## 1. Classification

Open

## 2. Key Decision

This is not an executive decision.

## 3. Wards Affected

County-wide

## 4. Purpose

To provide an update on the services provided by Balfour Beatty Living Places (BBLP) during the first year of the council's Public Realm contract to enable the committee to provide feedback to Cabinet and inform the work of the Task and Finish group which has been established to examine this area in more detail.

## 5. Recommendations

**THAT:**

- a) **The report is noted;**
- b) **The committee recommends to Cabinet issues for consideration and improvement; and**
- c) **The committee identifies issues that it would wish to see included within the scope of the Task and Finish Group which has been established to examine this area of service.**

## 6. Alternative Options

6.1 None

## **7. Reasons for Recommendations**

- 7.1 The Public Realm Service Contract (the contract) is the council's largest service delivery contract. The contract is delivered by BBLP and has been running for 12 months. The committee work programme identified that this would be an appropriate stage in the contract to consider what has been achieved so far and what improvements could be made. The committee has also established a Task and Finish Group to examine this area of service. This will provide an opportunity to identify issues to inform the development of the annual plan for the service for the next financial year of 2015/16 and set the context for future service delivery and service improvements through this long term contract.

## **8. Summary**

- 8.1 Public Realm services have a high public profile and affect the lives of all residents and visitors to Herefordshire. They include the maintenance and improvement of roads, public rights of way and public spaces. This report has been prepared to provide an overview of the council's contract for these services and what has been delivered by BBLP during their first year of the new contract. It includes in Appendix 1, a report from BBLP which will be presented by the Contract Director. Comments and suggestions from the committee are welcomed and invited on the services that have been delivered and areas that they consider should be the focus of improvement to ensure that this long term contract is a success.
- 8.2 A draft scoping document for the proposed Task and Finish Group has been prepared and is attached at Appendix 2. The committee is invited to consider this draft and recommend issues for inclusion within the work of the group. The group will be supported in its work by the council's Head of Commercial Services in recognition of this strategic importance of this contract.

## **9. Background**

- 9.1 Balfour Beatty Living Places was awarded the council's contract for Public Realm Services in 2013 following a full and open procurement process which was carried out in accordance with European Union procurement rules.
- 9.2 The contract commenced on the 1 September 2013. It is one of the council's most significant contracts in terms of the range of services and their value. The contract was procured with the aim of developing a successful partnership with a private sector provider to deliver services and achieve the following objectives:-
- Maintenance of essential services
  - Improvement in the condition of the highway
  - Value for money
  - Flexible contract scope
  - Excellent customer services
  - Enhanced service outcomes
  - Contribution to the regeneration of the local economy
  - Increased social capital through engaging with the community and the voluntary sector
- 9.3 The Public Realm Services Contract was designed to focus upon the delivery of highways and directly related services. The scope of services included is as follows:

- Highways management services
- Highways maintenance & improvement works
- Traffic control systems maintenance
- Local flood risk management
- Associated professional services
- Associated public realm asset management
- Associated public realm regulatory services
- Public realm specific ICT solutions
- Fleet management
- Transformation services
- Parks & open spaces
- Street lighting
- Street cleaning
- Land drainage
- Public rights of way
- Customer support services

### **The Contract Form**

9.4 The contract is based on the industry standard, New Engineering Contract (nec), and takes a managing agent form which requires the provider to provide an end to end service. It is based on industry best practice and is used by 67% of highways authorities in England<sup>1</sup> including Southampton City Council, Gloucestershire County Council, and Worcestershire County Council. The contract form was selected following legal advice provided during the procurement process by external specialist advisers.

9.5 The contract commenced on the 1 September 2013 for a period of 10 years with options to extend up to a maximum period of 20 years. As an outcome based contract, the award of extension is subject to achieving satisfactory performance against a set of strategic measures. Performance is managed through strategic and operational measures. These include:

- |                          |                               |  |
|--------------------------|-------------------------------|--|
| • Highway Defects        | • Pubic Rights of Way Hazards | • Energy/Carbon usage                                |
| • Highways Inspections   | • Winter Maintenance          | • Economic Regeneration                              |
| • Bridge Inspections     | • Grass Cutting               | • Locality Steward Reports                           |
| • Street Lighting Faults | • Street Cleansing            | • Budget Forecasting                                 |
| • Programme Management   | • Gully Cleansing             | • Construction Industry Training Board Accreditation |
| • Complaint Handling     | • Value Engineering           | • Spend with Supply Chain                            |
| • Communications         | • Delivery of Reports         |  |

9.6 Monthly performance reports are provided by BBLP and subject to a sample audit by the council's contract management team. Measures are reviewed to ensure they adequately reflect the council's priorities and the delivery of the annual plan which BBLP is required to prepare to guide service delivery.

### **Governance, Contract Management and Stakeholder Involvement**

9.7 Effective and clear governance arrangements are essential to ensure the provider delivers and continues to deliver the council's priorities throughout the term of the contract. A governance framework has been established which provides the appropriate level of

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<sup>1</sup> Survey of 151 highways authorities in England by Highways Maintenance Efficiency Programme (2011)

management overview; and if necessary intervention, to ensure there is a visible thread of ownership and accountability based on an equitable apportionment of risk between the council and its provider BBLP. This is summarised in a table contained in Appendix 3.

- 9.8 The contract seeks to ensure lean service delivery and contract management processes, requiring a relatively small 'outcome' focused client contract management team.
- 9.9 The council's contract management team has had to change to reflect the needs of the new contract. Under the guidance of an experienced interim contract manager, the team has established the new governance arrangements and reviewed and put in place revised working practices and procedures. The team has a primary focus on monitoring and measuring the delivery to cost, time and quality of the services specified by council commissioning managers. A secondary, but equally important, role is ensuring compliance with the contract by both the council and BBLP, particularly to ensure risk and necessary change is managed effectively.
- 9.10 The contract management team has supported the process of securing accreditation to the Construction Industry Training Board National Skills Academy for Construction which will see improved training opportunities made available. It has also overseen the development of the first BBLP annual plan. In addition a programme of service audits and financial control processes have been put in place. These were particularly important during the transition between providers and effectively ensured that expenditure remained within budget.
- 9.11 Engagement and communication with Members and Parish Councils is essential to the success of the contract. Briefings and seminars took place during the mobilisation of the contract and also during the preparation of the first annual plan. This is an ongoing priority and the provision of newsletters, seminars and other engagement activities will continue to be an area where the council will wish to work with BBLP to implement and improve upon.

## **10 The first year of the contract**

- 10.1 Following contract award BBLP were required to implement a rapid mobilisation which included the TUPE transfer of staff from Amey, their induction, training and establishment of ICT infrastructure to support the service. During the first year, the provider has been expected to deliver the full range of services and respond to a number of challenges. BBLP has produced an overview of the first year which is contained in Appendix 1 of this report. This will be presented to the meeting by Andy Williams, Contract Director for BBLP.
- 10.2 The services delivered are countywide and affect the lives of residents and visitors alike. During the first year of the contract the council and BBLP have worked together to mobilise the new arrangements and deliver and improve services. There have been a number of challenges and successes during the year but the key will be to learn from this experience and continue to improve. More details are contained in the report in Appendix 1. Highlighted below are some of the items which have been particularly significant.

### **Responding to severe weather and major investment in highway maintenance**

- 10.3 The extreme rainfall during the winter of 2013/14 caused significant damage to the highway network. The service was required to respond to the immediate emergency and also deliver a significant increase in maintenance work to repair the damage making maximum use of additional Government funding through the Belwin and Severe Weather funding streams.

- 10.4 This further damage resulting from severe weather was set against the background of the council's intention to significantly expand investment in highway maintenance over the first two full years of the contract to address backlog maintenance. On the 25 July 2013, Cabinet gave approval for additional investment in the highway network to address the condition of roads. The underlying condition of the roads in Herefordshire, particularly the rural C class and unclassified roads, had deteriorated to an unacceptable level and a business case was developed to invest £20million on the basis of sound asset management to reduce future revenue maintenance costs. In addition to this investment, a successful bid to the Government's Pothole Fund has secured a further £2.5million for road maintenance during 2014/15. This additional funding has required BBLP to mobilise and deliver a significantly expanded maintenance programme drawing in support for supply chain partners. These activities have required significant coordination and communication activities to ensure Members, Parishes and the public are aware of the works and disruption is minimised.

### **Locality Working**

- 10.5 A key feature of the new contract is the provision of locality working to ensure services are tailored to the needs of local communities across Herefordshire. BBLP have established a new role of locality steward and recruited a team to:
- engage with the community, working alongside Elected Members and parish councillors;
  - understand and prioritise the needs of the community;
  - combine community need with knowledge of the condition of the public realm to inform the service that is delivered.

### **Lengthsman Scheme review and enhancement**

- 10.6 The Lengthsman Scheme is a popular initiative with Parish Councils across the county. The scheme provides a small grant to support the delivery of minor maintenance activities by Parish Councils. This has proved a cost effective way of delivering small scale but important maintenance work in many areas of the county. BBLP has been exploring the potential to expand the scheme to deliver more and support greater local delivery of services. Pilot projects have been testing the ability of lengthsman in five parish council areas (Foxley, Wellington, Pyons group, Welsh Newton and Walford) to fill potholes, whilst at the same time establishing what needed to be done to increase efficiency in the operation of the scheme. Further details are included within Appendix 1 and a representative from one of the pilot projects have been invited to attend the committee meeting to provide feedback and answer questions. Members' comments on the Lengthsman Scheme are invited to help inform decisions regarding the enhancement of the scheme for 2015/16.

### **Budget reductions in grounds maintenance**

- 10.7 In response to the pressure on the council's overall revenue budgets, reductions in grounds maintenance budgets were identified in developing the annual plan for 2014/15. This resulted in a reduced programme of grounds maintenance across the county during the spring. This reduced activity combined with a warm wet start to the year resulted in unacceptable levels of grass in public spaces across the county. Following customer feedback and engagement with Members, the grass cutting schedules were reviewed and an increased level of service was put in place in the early summer to respond to concerns raised. This has been complemented by an increase in community activity and the provision of a community grant fund.

## **Developing major infrastructure projects to support growth**

- 10.8 Whilst the majority of services delivered relate to routine maintenance and improvement of the highway and public spaces, the contract also provides support for the development of major capital projects. Technical design support for major infrastructure projects during the year has been provided using both local design team staff and by Balfour Beatty partner consultants Parson Brinckerhoff. Key areas of delivery have been in relation to the public inquiry for the City Link Road compulsory purchase order, development of the South Wye Transport Package proposals. Parsons Brinckerhoff has also supported the council in developing strategic outline business cases, which have been considered by the Marches LEP / LTB. This work has resulted in the council successfully securing £12.4m from government to invest in the Hereford city centre transport package and the provisional allocation of £27m for the South Wye transport package.

## **11 Task and Finish Group**

- 11.1 Given the significance of Public Realm services and the scale of the contract, the committee has identified a Task and Finish Group to carry out an investigation and review. A draft scoping document has been prepared and included in Appendix 2 of this report. The group will be convened to finalise the scope and commence work following this meeting. The group will be supported in its work by the Head of Commercial Services and other officers. The committee is asked to consider the draft scoping document and recommend any other items it would wish the Task and Finish Group to cover.

## **12 Conclusion**

- 12.1 The first year of the new Public Realm contract represents a significant milestone. This report has highlighted the changes put in place through the procurement of this new contract and its mobilisation from September 2013. Various issues and challenges have been faced by the service over the past year and this report provides an opportunity to reflect upon those and consider priorities for the future. Members are therefore invited to consider this report and comment as appropriate to inform priorities for Cabinet and the work of the proposed Task and Finish Group.

## **13. Community Impact**

- 13.1 The condition of the public realm, roads in particular, has been identified in consultations as a key priority for local residents.
- 13.2 There is clear evidence that the state of our public places is something that is important to the county's health, wellbeing and economy.

## **14. Equality and Human Rights**

- 14.1 The services provided through the Public Realm services contract have the potential to affect all residents. An Equality Impact Assessment was carried out as part of the procurement of the contract and consideration of Equality and Human Rights issues forms part of the preparation of each year's Annual Plan by BBLP.

## **15. Financial Implications**

- 15.1 None as a result of this report. However, budgets for 2014/15 expenditure in relation to Public Realm services total in the region of £9million revenue for routine works and

£33million for capital maintenance and schemes. The funding for this expenditure comprises the council's own revenue budgets, capital programme and various external grant awards.

## **16. Legal Implications**

16.1 None as a result of this report. External specialist legal advice was provided during the procurement process and to guide the development of the contract.

## **17. Risk Management**

17.1 Contract management is a vital part of the council's approach to risk management and the governance arrangements for the public realm services contract enable effective risk management. Strategic risks are identified through the development of each annual plan and mitigation measures are identified and monitored through the year by the operations board.

## **18. Consultees**

18.1 None

## **19. Appendices**

19.1 Appendix 1: Balfour Beatty Living Places Report

19.2 Appendix 2: Task and Finish Group Draft Scoping Document

19.3 Appendix 3: Public Realm Services Contract Governance Framework

## **20. Background Papers**

20.1 None