

**Title of report: Public Realm Services Annual Plan 2022 - 2023**

**Decision maker: Cabinet Member Infrastructure and Transport**

**Decision date: 25<sup>th</sup> April 2022**

**Report by: Interim Service Director Highways, Environment and Waste**

## **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 2022/23 for the Public Realm Services contract with Balfour Beatty Living Places.

To confirm the approval of the Annual Plan 2022/23 for the Public Realm Services contract with Balfour Beatty Living Places.

Balfour Beatty Living Places (BBLP) has developed the Annual Plan in negotiation with council officers. The Plan meets the council's objectives for the public realm (Highways and associated services) and ensures its delivery within the assigned budgets.

The council's Public Realm Contract Service Manager accepts the Annual Plan as meeting the terms of the Public Realm Services Contract.

Cabinet member approval completes the governance for the plan and provides confirmation of this acceptance by the council providing a sound basis for managing BBLP's performance during the forthcoming financial year.

## **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 2022/23 with an overall budget of up to £18,775,046; made up of £5,908,046 revenue and £12,867,000 capital budgets as detailed in paragraph 44 below;**
- (b) the Interim Service Director Transport and Highways be authorised to agree, through the BBLP contract governance arrangements, final adjustments to the programme (including any recommendations from the Strategic Partnering Board) and budget allocation to each of the Annexes and any in-year adjustments to the plan, within the overall budget; and**
- (c) the interim Service Director Transport and Highways be authorised to take all necessary operational decisions in relation to the in-house provision of Public Rights of Way and Traffic Management services and the directly delivered projects identified in paragraph 21 of this report.**

## **Alternative options**

1. Not to approve the Annual Plan. This is not recommended as operating without an approved Annual Plan may put the management of budgets, performance and contract management arrangements at risk.
2. 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 council's contract management team.
3. To approve an alternative Annual Plan for 2022/23; 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**

4. The Public Realm Services contract between Herefordshire Council and BBLP commenced on 1 September 2013. This is one of the council's most significant strategic 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 and agreement for an Annual Plan.

5. The services delivered in Herefordshire through the Public Realm Contract support the council's key priorities in Herefordshire's County Plan : [Herefordshire Council County Plan 2020-2024](#)
6. The Annual Plan has been developed by BBLP with council officers 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.
7. The Council received the draft Annual Plan from BBLP and this has been robustly challenged to ensure that it meets the Council's commissioning objectives, delivers the requirements as set out in the contract and is aligned to the Council's policies and priorities. The Annual Plan consists of 2 parts:
  - a. The Service Overview (see appendix 1)
  - b. A suite of service annexes
8. The contract management team following a process of challenge and due diligence formally agreed the service overview and this enables the Council to issue the appropriate Service Orders to BBLP for the contract for 2022/23. The contract management team are currently assessing the draft Service Annexes to ensure that these clearly set out the deliverables for each service area and that the Council can identify what is being commissioned. This review and due diligence is programmed to be completed by the end of April, which is in line with the contract conditions.
9. To support the development of the Annual Plan, the contract management team are also undertaking a commercial review on the contract Strategic Performance Indicators (SPIs) and Operational Performance Indicators (OPIs) that will set out performance management requirements for the Annual Plan. This review is programmed for completion by the end of May which is in line with the contract conditions.
10. On-going continuous improvement reviews within the public realm service have identified better ways of working and improvements required with overarching programming. This is continually being reviewed through lessons learnt and action plans to improve areas of the service and is monitored and assessed by the council's Contract Management Team.
11. In March 2022 the council published a Major Contracts Improvement Plan that includes an action for a fundamental review of the Annual Plan. Work on the review has been ongoing since the publication of the draft Annual Plan by BBLP in October 2021. The Annual Plan Service Overview at Appendix 1 is now a shorter and more commercially driven document, which links directly back to the council's Delivery Plans and Policies. The Public Realm Contract Strategy Board agreed the revised Annual Plan Overview on the 25 March 2022.
12. The Council have appointed a Tier 1 Cost consultant to develop value for money cost model and provide cost consultancy services to enable robust assessment of target costs. The Council have also joined the Association of Public Service Excellence (APSE) to enable robust benchmarking for services, alongside the existing National Highways & Transport Network and CQC data.
13. All funds have been invested in accordance with the council's asset management strategy and Highway Management Plan.
14. In accordance with the Public Realm Contract BBLP are required to achieve Cashable Savings of 3% in the relevant financial year (or whatever equivalent efficiency measure

that may be placed upon the employer by central government or reasonably agreed between the employer and the provider during the contract period) and the savings target for the public realm contract for FY 2022/23 is **£579,872 (Revenue £316,872 & Capital £263,000)** as follows:

<b>Saving Opportunity</b>	<b>In Year Revenue Savings Target</b>	<b>Approach to Achieve Saving</b>
Gainshare	£263,000	Value engineering of target costed schemes to generate gainshare for HC
Income Generation	£85,000	Permitting income to fund 2 FTE posts for NRSWA
Capitalisation	£116,000	Reviewed rebalance based on capital and revenue budgets
Plant Utilisation	£10,000	Cross service utilisation of plant to reduce rental costs
Investment in Plant	£100,000	Revenue efficiency savings or income generation to be identified in year
Increase Charges	£5,000	Increased charge by 15% for skips, scaffolds and drop kerbs
<b>Total:</b>	<b>£579,000</b>	<b>(Revenue £316,000 &amp; Capital £263,000)</b>

15. The council, in its approach to best practice has developed and operates a risk based approach to routine highway maintenance in accordance with the latest highway maintenance codes of practice.
16. The risk based approach Highways Maintenance Plan has been in place for 5 years and an extensive review of the implementation is now complete. The Annual Plan 2022/23 programmes of work have been constructed in accordance with this risk-based approach and in line with the current administrations priorities.
17. The Highway Maintenance Plan (HMP) is a key policy document in delivering and responding to network risk. There has been significant work on the HMP prior to the covid pandemic, and a revised edition operating through the Covid restriction which is currently being reviewed.
18. It should be recognised that, just as the council's overall spending power has been reduced since 2010, so has the level of investment in the Council's Public Realm Asset. Our revenue spending power for 2022/23 is 42% of that in 2010/11 and the capital spending power 60% of 2010/11 levels. Although, one off investment of the Council's own Capital funds does reduce this funding pressure and the additional investment does help to reduce the deterioration in the condition of the highway network. However, the level of investment within the Annual Plan is insufficient to maintain a steady state in terms of highway condition and provide the level of service that the Council and its partner would aspire to. As such, difficult decision on priorities for investment have to be made, and the detailed annexes will reflect the funding reality facing the service.

19. A decline in the overall condition of the highway asset will be inevitable over time. However, through concentrating on statutory services and duties, and following our asset management strategy and policy and the Highways Management plan, the council is able to minimise this deterioration. Although, this inevitably means service levels for non-statutory services are below ideal levels.
20. 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.
21. It is recommended that the Interim Service Director Transport and Highways be authorised to make any in year adjustments as recommended by the strategic partnering board, these adjustments will be in line with scheme of delegation and financial procedure rules and within the approved LTP budget.
22. The [Cabinet decision on 31 January 2022](#) approved -That the Public Rights of Way (PROW) and Traffic Management (TM) Services currently delivered by BBLP on behalf of the Council as part of the Public Realm Contract, be insourced to Herefordshire Council for delivery as Phase 1 of a transformation of services project. As a result of this decision the Annual plan for 2022/23 does not include associated activities for this work. As detailed in the resources section below this includes the following directly delivered projects:

Directly delivered projects	Cost £000's
Kington and Golden Valley Traffic Studies	70
A44 Kington Safety Scheme	50
PROW Schemes	183
TRO Schemes	170
Weight Limit's	30
20mph Speed Limit development	50

23. Parish Council engagement sessions were undertaken virtually on 6, 7, 9 and 10 December 2021 to discuss local matters for inclusion where practicable. Members sessions ran between the 6 to 10 at 3 wards/day and an open day for any members who could not attend, with a further drop-in session on the 19 of January and teams for any Cllrs that missed their sessions. Further engagement is planned at bi-monthly sessions in 2022.

## Community impact

24. 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.
25. A 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

## Environmental Impact

26. Please state how this decision / proposal seeks to deliver the council's environmental policy commitments and aligns to the following success measures in the County Plan.
- The Annual plan covers significant drainage issues on the networks helping to reduce the impact of flooding.
  - Performance measures are in place aimed at reducing waste.
  - BBLP as our partners actively seek to reduce carbon emissions
  - Maintenance of the open spaces included in the Annual Plan improve residents' experience in accessing to green space in Herefordshire
  - Maintenance of footpaths and cycle ways help to increase the number of short distance trips being done by sustainable modes of travel
27. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
28. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management. Performance measures are in place to encourage the contractor to adopt the Council's carbon reduction targets, utilising local suppliers, improving biodiversity, active and sustainable transport options, zero waste targets and reducing energy usage.]

## Equality duty

29. 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.
30. 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

31. 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.
32. The revenue budget for 2022/23 presented in table below takes account of the £235K revenue interest repayment for 2022/23
33. The LTP capital budget shown in table below includes HC staff capitalisation costs at £870K, these are Highways and Transport staff that are working on the Local Transport Plan (LTP) activities. Timesheets are kept to record time spent on Capital activities and a value of £1,217K is the anticipated level of costs for 2022/23. The LTP Capital budget also includes £554K for road Infrastructure borrowing principle repayments, £125K for legal payments and £50k for habitats regulations assessment, and an estimated £653K for directly delivered projects.
34. The budgets for 2022/2023 as follows:

<b>Revenue</b>	
	<b>2022/23</b>
Gross Base Budget	6,148,828
Less: Savings	-316,872
Removal of PROW/TRO	-370,000
Inflation Uplift	316,736
<b>Gross Base Budget</b>	<b>5,778,692</b>
Income (NRSWA, Dropped kerbs)	-228,000
<b>Net Revenue Budget</b>	<b>5,550,692</b>
<b>Other In-year adjustments</b>	
Capital Interest Repayments	-3,324
Commuted Sums	290,678
<b>Total Contract Net Revenue Budget</b>	<b>5,838,046</b>
S38/S278 works	70,000
<b>BBLP BUDGET FOR WORKS</b>	<b>5,908,046</b>

<b>Capital</b>	
	<b>2022/23</b>
<b>Local Transport Funding Block</b>	
Highways Maintenance Block	<b>£0</b>
Band 3	6,395
Integrated Transport Plan	1,599
National Productivity Investment Fund	1,077

Pothole Fund	6395
	15,466
<b>Retained Herefordshire Council</b>	<b>2022/23</b>
	<b>£0</b>
Staff Capitalisation	1,217
£20m Road Infrastructure principal repayments	554
Land Owners / Easements /License payments	125
HRSA	50
Kington and Golden Valley Traffic Studies	70
A44 Kington Safety Scheme	50
PROW Schemes	283
TRO Schemes	170
Weight Limit's	30
20mph Speed Limit development	50
	2,599
	<b>2022/23</b>
LTP monies to be used across various programmes	<b>£0</b>
	12,867

- 35 The Annual Plan service overview appended to this report confirms service costs are aligned with the approved revenue and capital budgets. There is a risk that the provision of service cost could exceed the approved budget as services are delivered throughout 2022/23. To mitigate this costs will be monitored regularly by the Contract Management Team to prevent overspend against budget. If costs are forecast to exceed the above budget a further decision will be required to maintain service delivery.

## Legal implications

- 36 This is an Executive function under the Council's Constitution Part 3 Section 3 and 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 in Herefordshire) affected.
- 37 It is also likely to result in the council incurring expenditure which is, or the making or savings which are, significant having regard to the Council's budget for the service or function concerned. This key decision is delegated to the Cabinet member Infrastructure and Transport as it relates to their portfolio.
- 38 The contract with BBLP enables the council to discharge a number of significant statutory duties to provide a number of services relating to the public realm. A list of 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 The delegation to the Interim Service Director Transport and Highways is permissible and allows the officer to make changes to the actual services delivered during 2022/23 and allocations in the Plan as agreed within the budget. As the cabinet member has made the decision to agree the Annual Plan as a basis for the service delivery, any changes to the plan will be operational decisions and will require a record of officer decision to be published.

## **Risk management**

- 40 A comprehensive review of the Annual Plan undertaken by the council's contract management, the 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. Actions are scheduled to be in place April 2022, and include:- developing a suite of contract annex risk registers that identifies, manages and mitigates service delivery risks; the management of contract risk through a monthly risk meeting which will be established between Client and Contractor. Each risk having a strategic plan to either accept, tolerate or transfer with an appropriate action plan which is tracked and updated each month. Contract and Service risk registers to be reported to the Improvement Board. Risk registers to be migrated into the Council Corporate Risk Management System.
- 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.

## **Consultees**

- 42 The drafting of the Annual Plans were consulted with key clients officers from Herefordshire council and BBLP service champions. Feedback and lessons learnt for service improvement were brought into the finalisation of the annual plans.
- 43 Political Groups, elected members and Parish councils

## **Appendices**

Appendix 1: Annual plan service overview 2022/23

Appendix 2: Annual plan service manager review 2022/23

## **Background papers**

None

## Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey, Democratic Services Officer	Date 05/04/2022
Finance	Andrew Lovegrove	Date 05/04/2022
Legal	Sharon Bennett-Matthews	Date 11/04/2022
Communications	Luenne Featherstone	Date 07/04/2022
Equality Duty	Carol Trachonitis	Date 04/04/2022
Procurement	Mark Cage	Date 31/01/2022
Risk	Kevin Lloyd	Date 04/04/2022

Approved by	Ross Cook	Date 13/04/2022
-------------	-----------	-----------------