

Service Manager Review

Public Realm Annual Plan 2022/23

Between

Herefordshire Council

and

Balfour Beatty Living Places

for the provision of

Public Realm Services

Herefordshire Council – Public Realm Contract – Service Manager Review of Annual Plan 2021/22

Acceptance Stage

Introduction

The Public Realm Services Contract (the Contract) requires the Provider to each year produce an Annual Plan. The Contract defines the "Annual Plan" as

‘is the plan to be prepared by the Provider for each Financial Year falling wholly or partly within the Contract Period as detailed in clause 21.2.’

This is the Service Manager’s review of the Annual Plan as submitted by the Provider for the 2022/23 financial year, to test whether it is a plan that should be accepted as the Annual Plan for the 2022/23 financial year.

Acceptance Criteria

Clause 21.2.3 of the Contract, which is reproduced below sets, out the grounds for not approving the annual plan, and as such provides the basis for any contractual test of the Annual Plan.

‘Each Annual Plan is approved by the Strategic Partnering Board prior to the start of the Financial Year to which it relates. Grounds for not approving an Annual Plan are that:

- the Annual Plan will not meet the Employer’s Objectives; or
- the delivery of the Annual Plan will exceed the Services Budget and/or the delivery of the Services set out in the Annual Plan that will be treated as Revenue Services or Capital Services (respectively) exceed the relevant Revenue Services Budget or Capital Services Budget (respectively); 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 as against the projected total spend by the *Employer* on all of the Services in the previous 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); 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.

Following approval in accordance with this clause, the *Service Manager* approves any final version of the Annual Plan reflecting matters approved by the Strategic Partnering Board in accordance with clause 21.3.3.’

In addition Clause 21.3 sets out the details that are to be contained in the Annual plan and this also provides the basis for any contractual test of the Annual Plan. This Clause (reproduced below) also sets out reasons why the Service Manager may not accept the Annual plan and the timescale for this process, which is 20 days. If the Service Manager does not respond within 20 days then the Annual Plan would be taken as having been accepted.

21.3.1 The Annual Plan seeks to set out details of the Services to be provided during the relevant Financial Year in order to best meet the achievement of the Employer's Objectives within the Services Budget whilst demonstrating value for money for the relevant budgetary spend. The *Provider* develops the Annual Plan in accordance with clause 21.2. The *Provider* submits the final version of the Annual Plan (in accordance with clause 21.2.3 above) and any amended version during the course of any Financial Year to the *Service Manager* for acceptance.

21.3.2 The *Provider* shows on each Annual Plan which he submits for acceptance:

- the Financial Year to which the Annual Plan relates;
- the estimated Defined Cost plus Fee, plus any risk contingency in relation to each activity and/or Scheme shown in the Annual Plan so as to provide a complete breakdown of the proposed expenditure against the Revenue Services Budget and the Capital Services Budget respectively;
- the *Provider's* proposals for working with the *Employer* to achieve the target of Cashable Savings of 3% in the relevant Financial Year as against the projected total spend by the *Employer* on all of the Services in the previous 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);
- the estimated Local Overhead Cost (including, for the avoidance of doubt, all property and ICT costs payable by the *Provider* to the *Employer* in connection with the provision of the Services);
- the order and timing of the work of the *Employer* and Others as last agreed with them by the *Provider*;
- the dates when, in order to Provide the Services in accordance with the Annual Plan, the *Provider* will need:
 - access to the Public Realm;
 - acceptances;
 - Materials, equipment and other things to be provided by the *Employer*; and
 - Information from Others.
- which part or parts of the Services will be carried out as Target Cost Services and/or Lump Sum Services and/or Cost Reimbursable Services and
- other information which the Service Information requires the *Provider* to show on an Annual Plan submitted for acceptance.

21.3.3 Within 20 Working Days of the *Provider* submitting an Annual Plan to him for acceptance, the *Service Manager* either accepts the Annual Plan or notifies the *Provider* of his reasons for not accepting it. Reasons for not accepting an Annual Plan are that:

- it does not reflect the matters approved by the Strategic Partnering Board in accordance with clause 21.2.3;
- 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.’

In summary, to comply with the Contract, and as such be an acceptable plan the Annual Plan should:

- Meet the Council’s objectives, as per the Contract;
- Proposed expenditure must be within Capital and Revenue Budgets that have been assigned to Balfour Beatty Living Places (BBLP);
- Be capable of delivering 3% cashable savings for the Council against the prior year’s spend;
- Be in accordance with the Service Information and contain any information that is required to be included in the Annual Plan by the Service Information;
- Address any prioritise set by the Strategic Partnering Board;
- State the financial year to which it relates;
- Provide estimated cost + fee for each activity in the plan;
- Provide details of any risk contingencies in relation to each activity;
- State the estimated Local Overhead Cost;
- Show the order and timing of the works, including works for Others;
- Show any dates when the BBLP will require access, acceptances, materials from the Council or information from Others to deliver the Annual Plan;
- Show the payment mechanism for each part;
- Be practicable; and
- Be a realistic reflection of BBLP’s plans.

For the avoidance of doubt, this list is a summary of the content of the Contract and the terms of the Contract will take precedence should there be any challenge to the acceptance or otherwise of the Annual Plan as submitted.

Overview

The Annual Plan consists of the fourteen technical annexes (service level agreements), including supporting financial information. In addition the 'Provider' Balfour Beatty Living Places (BBLP) captures the overarching deliverables of the Annual Plan in 'the Service Overview', this document sets out the partnership principles and mechanisms that allow for the effective delivery of public realm services and also includes further summary commercial and financial information and pointing to relevant detail captured elsewhere, for example in the Public Realm Contract.

The approach to building the Annual Plan for 2022/23 involved assigning senior managers from both the Council and BBLP as Annual Plan Champions, each responsible for consulting with their individual teams, internal and external stakeholders to develop the service annexes to meet the employer requirements and in accordance with the corporate budgetary information as agreed through budget approval process.

The Annual Plan Annexes and Champions are as follows:-

Annexe	Service Description	Owner	Champion	
			Herefordshire Council	BBLP
0	Local Management Overhead	Laura Lloyd	Tina Pugh	Laura Lloyd
1	Network Resilience	Paul Raynor	Bruce Evans	Paul Raynor
2	Community Development and Stakeholder Management	Rachel Rice	Philippa Lydford	Antony Agate
3	End to End Network Improvement	Laura Lloyd	Bruce Evans	James Reynolds
4	Development Control	TBD	TBD	TBD
5	Fleet Management	Paul Raynor	Ben Boswell	Richard Raczkowski
6	Parks, Open Spaces, Landscaping, Verges and Trees	Paul Raynor	Spencer Grogan	Paul Raynor
7	Managing Water on the Network	Laura Lloyd	Steven Hodges	Gareth Toft
8	TAMP	Laura Lloyd	Mark Lewis	Gareth Toft
9	Network Management and Traffic	Rachel Rice	Bruce Evans	Rachel Rice
10	Network Rehabilitation and Maintenance	Paul Raynor	Bruce Evans	Paul Raynor
12	Street Cleansing	Paul Raynor	Spencer Grogan	Paul Raynor
13	Street Lighting	Laura Lloyd	Mark Lewis	Gareth Toft
14	Structures	Laura Lloyd	Bruce Evans	Gareth Toft

Working in tandem with the annex champions and following on from a series of workshops and review meetings Herefordshire Council was issued with a set of 14 draft annexes describing the various elements of the service. These annexes contained an overview of the services, associated performance indicators and some high level descriptions of risks linked to the delivery of the service. The annexes describe the level of resource required to deliver the service and the roles required to do so. An important element of each of the Annexes shows the links to other service areas; this is an important aspect of the overall plan as it is essential that BBLP operate in a holistic perspective and not in specific singular service areas.

Summary presentations are to be made to Management Board, and all members briefing

The Annual Plan was approved subject to the any final amendments and review by the Service Manager.

Members and Parish councils have been invited to drop in sessions at Thorn depot or Virtually during Covid restrictions during January and February to promote the new Annual Plan.

The contract is clear on the criterion that is required to accept the Annual plan. The criteria for acceptance were used in the service manager's assessment of the information that was submitted for approval.

The principles of the submission are broadly acceptable, there were however a number of areas where, further information is required which are as follows:-

- i) Forward Plan – BBLP to finalise the 4 year programme 2022-2026 and present back to Strategic Partnership Board for approval before HC governance processes commences
- ii) Efficiency savings be defined in-year. – the table below details the Efficiency savings requirement, as the table shows there are further efficiencies to

The CMT will finalise these details with BBLP and the Assistant Director Environment and Place will approve these final amendments under the power delegated by the Decision to approve the principle of the annual plan.

Conditions of Acceptance

- The 'Provider' Balfour Beatty Living Places engage with the Service Manager to provide further substantive information as identified in points above.

Result

The following table captures the result of this Service Manager's review of the entire Annual Plan together with: the actions that are required to enable its acceptance; and the conditions that enable its acceptance (assuming that required actions are completed to the Employer's satisfaction).

Title: HEREFORDSHIRE PUBLIC REALM CONTRACT ANNUAL PLAN 2019/20 – Summary Table A													
	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG								
1.0	Meet the Council's objectives, as per the Contract;	Y	Subject Provider compliance with clause 21.3.2:- i.e. supplying further detail on the order and timing of the works' where required.		✓								
2.0	Proposed expenditure must be within Capital and Revenue Budgets that have been assigned to Balfour Beatty Living Places (BBLP)	Y	Financial information is provided in the Service Overview. The table below sets out the proposed expenditure vs the assigned budgets. <table border="1" data-bbox="786 1091 1350 1423"> <thead> <tr> <th></th> <th>Budget 2020/21</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>£5,908,046</td> </tr> <tr> <td>Capital</td> <td>£12,867,000</td> </tr> <tr> <td>TOTAL</td> <td>£18,775,046</td> </tr> </tbody> </table>		Budget 2020/21	Revenue	£5,908,046	Capital	£12,867,000	TOTAL	£18,775,046		✓
	Budget 2020/21												
Revenue	£5,908,046												
Capital	£12,867,000												
TOTAL	£18,775,046												

	Contractual Test	Pass Y/N	Comment	BBLP Response	RAG
			<p>Revenue</p> <hr/> <p style="text-align: right;">2022/23</p> <p>Gross Base Budget</p> <p>Less: Savings 6,148,828</p> <p>Removal of PROW/TRO -316,872</p> <p>Inflation Uplift -370,000</p> <p>Gross Base Budget 316,736</p> <p style="text-align: right;">5,778,692</p> <p>Income (NRSWA, Dropped kerbs)</p> <p>Net Revenue Budget -228,000</p> <p style="text-align: right;">5,550,692</p> <p>Other In-year adjustments</p> <p>Capital Interest Repayments</p> <p>Commuted Sums -3,324</p> <p style="text-align: right;">290,678</p> <p>Total Contract Net Revenue Budget</p> <p style="text-align: right;">5,838,046</p> <p>S38/S278 works</p> <p style="text-align: right;">70,000</p> <p>BBLP BUDGET FOR WORKS</p> <hr/> <p style="text-align: right;">5,908,046</p> <hr/>		

Capital

Local Transport Funding Block	2022/23
	3
Highways Maintenance Block	£0
Band 3	6,395
Intergrated Transport Plan	1,599
National Productivity Investment Fund	1,077
Pothole Fund	6395
	<hr/>
	15,466
	<hr/>
Retained Herefordshire Council	2022/23
	3
	£0
Staff Capitalisation	870
£20m Road Infrastructure principal repayments	554
Land Owners / Easements /License payments	125
HRSA	50
PROW/TRO	470
Traffic Study	70
Safety Scheme	50
PROW	160
TRO	170
Weight Limit's	30
20mph Speed Limits	50
	<hr/>
	2,599
	<hr/>
	2022/23
	3
LTP monies to be used across various programmes	£0
	<hr/>
	12,867

	Contractual Test	Pass Y/N	Comment			RAG
3.0		Y	The 3% savings targets for 2022/23 are to be agreed and formalized with BBLP, will come from the following opportunities:-			✓
			Saving Opportunity	In Year Revenue Savings Target	Approach to Achieve Saving	
			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 NRS	
			Capitalisation	£116,000 ®	Reviewed rebalance based on capital and revenue budgets	
			Plant Utilisation	£10,000 ®	Cross service utilisation of plant to reduce rental	
			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 kerbs	
			Total:	£579,000	(Revenue £316,000 & Capital £263,000)	

	Contractual Test	Pass Y/N	Comment	BBLP Comment	RAG
4.0	Be in accordance with the Service Information and contain any information that is required to be included in the Annual Plan by the Service Information;	Y	This is clear throughout		✓
5.0	Address any priorities set out by the Strategic Partnering Board	Y	None identified at the time of this report		✓
6.0	State the financial year to which it relates	Y	This is clear throughout		✓
7.0	Provide estimate costs plus fee for each activity in the plan	Y	The financial information is contained in the Service Overview and in detail as part of the information submitted by the Provider. The estimates are driven by the available budget; using the open book process (as defined in the Contract) the Provider will be required to supply further detail when requested to satisfy scrutiny and transparency of the cost components in the Service Annexes.		✓
8.0	Provide details of any risk contingencies in relation to each activity	Y	Key risks and mitigation have been identified in each service annex. High level risks will be managed through the Partnership risk management process		✓
9.0	State the Local Overhead Management Cost	Y	Provided as part of financial information to the contract management team		✓

10.0	Show the order and timing of the works, including works for Others;	Y	Programmes for schemes, projects and works schedules have been produced in the relevant annexes. However BBLP will be required to agree any programme or schedules as soon as practicable for those schemes insufficiently developed at this juncture. This will align with the overarching contract works programme.		✓
11.0	Show any dates when the BBLP will require access, acceptances, materials from the Council or information from Others to deliver the Annual Plan	Y	None identified		✓
12.0	Show the payment mechanism for each part	Y	Included in the information provided to the contract management team		✓
13.0	Be practicable	Y	No issues identified		✓
14.0	Be a realistic reflection of BBLP's plans	Y	No issues identified		✓

Conclusion:	Balfour Beatty Livings Places & Herefordshire Council Response
The annual plan is accepted subject to the conditions as set out in this Service Managers Review.	

In accordance with clause 21 of the Contract dated 5th November 2013 - Planning The Delivery of Services, the employers Service Manager accepts the Annual Plan for 2022/23 as submitted by the Provider, subject to the conditions of acceptance as set out in the Summary of Actions tabled in this review.

The Employer: Herefordshire Council

Authorised signatory



Paul Kennedy - Service Manager

Date.....

The Provider: Balfour Beatty Living Places

Authorised signatory

..... Laura LLoyd - Contracts Director

Date.....

