

**Title of report: Public Realm Services Annual Plan 2024 - 2025****Decision maker: Cabinet Member Roads and Regulatory Services****Decision date: 28 March 2024****Report by: Service Director Environment and Highways****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 2024/25 for the Public Realm Services contract with Balfour Beatty Living Places (BBLP) and the close out of the Major Contracts Improvement Board 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 2024/25 with an overall budget of up to £18,669,041; made up of £5,802,041 revenue and £12,867,000 capital budgets as detailed in paragraph 36 and;**

- (b) approval to spend the retained capital budget of £2,599,000 as detailed in paragraph 36;**
- (c) the Service Director Environment and Highways be authorised to agree, through the Public Realm 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; including the retained capital budget, and**
- (d) the close out of the Major Contracts Improvement Board improvement plan be approved.**

## **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 following instruction from the appropriate commissioner.
3. To approve an alternative Annual Plan for 2024/25; this option is not recommended as the development of the Annual Plan has gone through a robust process with BBLP and the council's commissioners and Contract Management Team to ensure effective prioritisation and asset management have been applied within the overall budgets available.

## **Key considerations**

4. Balfour Beatty Living Places (BBLP) has developed and submitted the Annual Plan in accordance with the Public Realm Contract, which has been fully evaluated by the council's commissioners and Contract Management Team. The evaluation confirms that 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.
5. 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. Following approvals, the plan will be submitted to the Public Realm Contracts Strategic Partnering Board (SPB) for its approvals as required as part of the contract governance.
6. 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.
7. 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](#) and consultation for the draft County Plan 2024 – 2028 was completed in February 2024. When agreed and adopted, the Annual Plan 2024/25 will be reviewed and assessed against the new County Plan to align service delivery to the ambitions and priorities for 2024-2028.

8. The Annual Plan has been developed by BBLP based on instruction from the council's commissioners, 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.
9. 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 polices and priorities. The Annual Plan consists of 2 parts:
  - a. The Service Overview (see appendix 1).
  - b. A suite of service annexes.

The Annual Plan Service Overview at Appendix 1 is now a shorter and more commercially driven document, which links directly back to the Public Realm Contract and the council's current Delivery Plan and Polices. The detailed service annexes will be available on the council website [here](#).

10. The council's commissioners and 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 2024/25. The council's commissioners and contract management team have also robustly challenged the draft Service Annexes and Budget Masters submitted by BBLP to ensure that these clearly set out the deliverables and costs for each service area in order that the council can clearly identify what is being commissioned. This review and due diligence is required to be completed by the end of March, in line with the contract conditions. Any matters that could not be resolved prior to this are detailed within the draft Service Manager Acceptance Report attached as appendix 3. The report will be updated following the evaluation of the 2023/24 Service Managers Acceptance Report and formally submitted for agreement at the Strategic Partnering Board.
11. As part of the Annual Plan process, a series of consultation events were held for members and Parish Councils in January 2024. Two face to face events were held at Thorn Depot on Tuesday 16 and Wednesday 17 January, with an evening session held via Teams on Monday 22 January. Each of the sessions were well attended with approximately 15 people joining each of the face to face sessions, with approximately a further 30 people joining the Monday session via Teams. The meetings discussed:
  - i. The council overviewed the strategic context behind the Annual Plan, informing attendees through the Local Transport Plan (LTP) and how that serves as the key transport strategy document for the county. This overview also set out how the council's other plans such as the Local Cycling and Walking Infrastructure Plan, Draft Hereford City Masterplan, Local Plan and the Big Economic Plan all fit into setting the overall plan for Herefordshire and how they are crucial to unlocking funding from Central Government.
  - ii. The council overviewed how decisions are made regarding investment in the highway network, with sources such as SCANNER, SCRIM, Gaist and Vaisala which are used in addition to inspection and defect data to monitor and record

information on each asset. The focussed discussion for each group included when to invest at the right time , with staff explaining how work is undertaken to try and reduce growth in reactive demand by undertaking less costly planned maintenance, rather than having to deal with an asset that had deteriorated so far as to require complete repair.

- iii. BBLP set out the framework for the Annual Plan, starting with an overview of Herefordshire’s assets and the revenue and LTP budget profiles. The presentation then detailed how the various strategies and plans that had been set out by the council filtered through and down through asset management policy, strategy and planning, to asset operation and maintenance and day to day service delivery. Further detail was provided of the various Annexes that make up both the capital and revenue services, with BBLP setting out what the Annual Plan is made up of, along with some key considerations and challenges. Finally the Community Commissioning Model and Parish Lengthsman scheme was set out.
  - iv. The council set out the work that the in-house Public Rights of Way and Traffic Management team undertake as part of its annual programmes of work. The resource available to each of the teams was set out, along with work undertaken during 2023/24 and plans for 2024/25.
  - v. Each session then closed with video clips of alternative technologies that are available and being considered for deployment to maintain the highway network and a brief news update from BBLP.
12. The council deems that the sessions were more successful than previous years, based on the higher attendance. Each session took its own direction in terms of questions and answers, with those attending having sufficient opportunity to ask any questions around the Annual Plan process that they wished to. Matters raised were either dealt with there or then, or taken away and responded to after. General observations from the events include a desire for data to be opened up so as to allow a greater understanding of the state of the network at a ward or parish level and to enable greater self-service. It was also clear that having the opportunity to talk to members and Parishes face to face was valuable and allowed for their knowledge and understanding, as well as confidence in dealing with highway related matters, to be increased.
13. 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). The council can, under the Public Realm Contract, not approve an Annual Plan if it 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
14. The 3% savings target for the public realm contract for FY 2024/25 is **£560,610 (Revenue £180,000 and Capital £380,610)** and the schedule of measures to deliver the 3% revenue savings are detailed below:

<b>Saving Opportunity</b>	<b>Approach to Achieve Saving</b>	<b>In Year Savings Target</b>
Vehicle Maintenance	Reduced Gritter Maintenance	£25,000

Gulley Waste	Renegotiation of rates with an alternative supplier"	£33,000
Depot Energy Cost	Renegotiation of rates with an alternative supplier	£2,000
Team Efficiency NRSWA	Net decrease in cost of delivery of service (Income + Cost)	£86,000
Team Efficiency - Licensing	Net decrease in cost of delivery and increased licencing charges	£34,000
	<b>Grand Total</b>	<b>£180,000</b>

15. The council has been working with BBLP to maximise the efficiencies that can be captured within the delivery of the capital programmes through a procurement review of BBLP's supply chain costs. This review was commenced to identify efficiencies in the delivery of the council's capital projects. A detailed assessment has taken place during 2023/24, led by the council's procurement and contract management teams and BBLP's procurement and commercial teams, to test the efficiency and value for money achieved through the supply chain.
16. The outcome of the review demonstrated:
- a) An in-year efficiency gain of £1.2m based on BBLP's renegotiation of the supply chain rates when benchmarked against current market indices. This approach also mitigates additional risk to the council of going to market to re-procure the suppliers which was estimated to have resulted in an additional costs across the supply chain of 10%. These benefits will enable the council to deliver more works from the Forward Programme which has been factored into the delivery programmes within the 2024/25 annual plan.
  - b) An efficiency saving of £46,363 on the delivery of the pothole fund in addition to the £10,000 fee discount offered by BBLP. The results of the procurement exercise demonstrated that the cost savings delivered by BBLP ranged from a 13% to 51% increase based on the market rates supplied by the winning tender following evaluation.
  - c) That the results of the review have produced cost effective solutions for the delivery of the council's capital programmes and improved value.
17. The council, as part of its Medium Term Financial Strategy has also been required to reduce its revenue budget for the public realm contract for FY 2024/25 by £450,000 and an increased contract efficiency of £70,000 and following negotiations with BBLP the following savings were agreed:

Service	Detail	Annual Saving

Winter Service	A review of the Winter Service Plan will result in the re-classification of assets and a reduction in the length of network treated and response in extreme snow conditions. The review will ensure that safety and risk are key factors in the final plan.	£161,315
City Centre Planters	The inspection, repair and maintenance of the planters in Hereford City will be stopped with any repairs carried out on a reactive service to address safety issues only and subject to budget constraints. This does not affect the maintenance of the plants and shrubs.	£41,907
Grass Cutting	The amenity grass cutting (not highway verges, visibility splays of accident sites) will be reduced from 6 cuts per year to 5	£45,704
Street Cleansing	The footpath assets will be reclassified with reduced sweeping, sweeping of the main roads will not be affected by this reduction. Litter bins that do not demonstrate value for money will also be removed	£130,474
Community Commissioning Model	The reduction in 2 office based posts (currently vacant) will be made with the management of the CCM schemes delivered directly by the council.	£39,600
Deletion of Vacant Posts	The reduction in 2 office based posts (currently vacant) responsible for the management and supervision of design and delivery	£31,000
Team Efficiency NRSWA	Net decrease in cost of delivery of service (Income + Cost)	£70,000
	<b>Total</b>	<b>£520,000</b>

18. 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
19. The risk based approach within the Highways Maintenance Plan has been in place for 5 years and an extensive review of the implementation is now complete. The Annual Plan 2024/25 programmes of work have been constructed in accordance with this risk-based approach and in line with the current council policy and priorities.
20. Like many councils the highways network has deteriorated over time with grants not able to cover all the capital investment required to prevent further deterioration of the highway network. Revenue budgets are fully utilised each year to keep up with repair work to ensure that the network is in a safe condition before longer term capital investment is available. The road network has a backlog of maintenance, the values are estimated from national guidance, as a high-level analysis the figures reflect and are representative of the view of deterioration across the highways asset. This would be to bring all assets back to a new



condition.

<b>Asset Type</b>	<b>Current Estimated Backlog (Minimum Value)</b>
Carriageways	c£91m
Footways and Cycle ways	c£100m
Structures	c£85m
Street Lighting	c£5m
Traffic Management	c£16m
Street Furniture	c£13m

21. The council continues to lobby for additional support for highways maintenance and it is not sustainable to pass all this onto local residents. 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 would aspire to. As such, difficult decisions on priorities for investment have to be made, and the detailed annexes will reflect the funding reality facing the service.
22. 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.
23. In accordance with the Public Realm Contract, the Contract Management Team implemented a review of the Strategic Performance Indicators and Operational Performance Indicators for 2024/25. A revised performance framework has been developed and agreed with BBLP which updates the existing Strategic Performance Indicators and Operational Performance Indicators in preparation for the implementation of the council's Future Operating Model. The new framework will be piloted by the council during the delivery of the 2024/25 programme to test the robustness of the indicators and to calibrate the performance thresholds to ensure that they stretch the contract performance whilst meeting the council's affordability in line with the Medium Term Financial Strategy.
24. In March 2022 the council published its Major Contracts Improvement Plan in response to concerns raised by the council's external auditors. Progress on the close out of the actions was reported to the council's cabinet on 26 October 2023 with detailed progress reports presented to the contract Strategic Partnering Board (SPB) each quarter. The SPB noted the progress made during 2023/24 and work has continued over the year as part of the delivery of the 2023/24 Annual Plan with all outstanding actions now been completed. The learnings from the improvement plan have now been embedded into business as usual. The close out statement for the phase 2 plan is attached as appendix 3.

## Community impact

25. 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.
26. 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.

## Environmental Impact

27. 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.
28. The 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.
29. The annual plan is aligned to meet the council's environmental objectives that will support the council meeting its net zero ambitions including impacts. The impacts will be managed and reported through the ongoing contract management reporting progress to the contract Strategic Partnering Board and will include.
  - The delivery of drainage schemes on the networks helping to reduce the impact of flooding.
  - Maintenance of the open spaces to 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.
  - Improvements to air quality.
30. The environmental impact of the annual plan has been considered by the council's commissioners and includes appropriate requirements on BBLP to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. Performance measures are in place to encourage BBLP to adopt the council's carbon reduction targets, utilise local suppliers, improve biodiversity, active and sustainable transport options, zero waste targets and reducing energy usage.

## Equality duty

31. 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.
32. 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 disabled people and women.
33. BBLP has a Fair & Inclusive Workplace Policy which sets out its commitment to creating an inclusive workplace, free from discrimination, harassment and other unacceptable behaviour. As part of this all employees are required to complete Value Everyone Diversity & Inclusion training.
34. The council manages its responsibilities through its CMT. BBLP are required to provide a full set of its policies and procedures each year and advise the council if there are any revisions or amendments. Any recorded incidents/complaints that relate to a protected characteristic would be reported through the contract governance. This decision will have no negative impact on the council or BBLP's compliance with this duty.

## 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.
36. The revenue budget for 2024/25 presented in table below takes account of the £313,291 revenue interest repayment for 2024/25.
37. The LTP capital budget shown in table below includes council staff capitalisation costs at £1,217k, 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 2023/24. 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.
38. All funds have been invested in accordance with the council's asset management strategy and Highway Management Plan and the budgets for 2024/2025 are as follows:

Revenue	2024/25
Gross Base Budget	6,201,116
Inflation	409,538
Commuted Sums	290,678
Lengthsman Scheme	250,000

RCCO Repayment	-313,291
Council Led Reductions	-450,000
Commissioning Contingency	-200,000
BBLP Efficiency Savings	-250,000
<b>Gross Expenditure Budget</b>	<b>5,938,041</b>
<b>Income Expectations</b>	
Income (NRSWA, Dropped kerbs)	-136,000
<b>BBLP BUDGET FOR WORKS</b>	<b>5,802,041</b>

<b>Capital</b>	<b>2024/25</b>
<b>Local Transport Funding Block</b>	
Highways Maintenance Block	£
Band 3	6,395
Integrated Transport Plan	1,599
National Productivity Investment Fund	1,077
Pothole Fund	6,395
	<b>15,466</b>
<b>Retained Herefordshire Council</b>	
Staff Capitalisation	1217
Land Owners / Easements /License payments	125
HRSA	50
£20m Road Infrastructure principal repayments	554
Traffic Study	70
Safety Scheme	50
PROW	283
TRO	170
Weight Limit's	30
20mph Speed Limits	50
	<b>2,599</b>
LTP monies to be used across various programmes	£0
<b>BBLP Capital Budget</b>	<b>12,867</b>

39. 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 2024/25. 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 this is referred to the council's commissioners as further decision will be required to maintain service delivery.

40. It is recommended that the Service Director Environment 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. Any adjustment above that value would be subject to a separate governance decision.

## Legal implications

41. 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.
42. 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.
43. 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, together with the approved policies and procedures to be used by BBLP in the delivery of the Annual Plan are retained by the councils Contract Management Team. 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.
44. The delegation to the Service Director Environment and Highways is permissible and allows the officer to make changes to the actual services delivered during 2024/25 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

- 38 A comprehensive review of the Annual Plan has been undertaken by the council's commissioners and Contract Management Team which 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 and the Service Manager Acceptance Report is attached as appendix 3. Risks, their consequences and any mitigating actions have been considered in detail in the development of the Annual Plan. Risk is managed formally each month at a the contract Risk management Board created to provide compliance to the public realm services contract, which links with and escalates to the council's corporate risk management regimes.

## Consultees

- 39 The drafting of the Annual Plan was involved the councils commissioners with lessons learnt for service improvement from previous annual plans and community feedback were brought

into the finalisation of the annual plan.

- 40 As part of the Annual Plan process, a series of consultation events were held for members and Parish Councils in January 2024 as detailed in paragraphs 9 and 10.
- 41 A Political Group Consultation was held on the 15 March 2024 and the key views were:
- a) Clarification of the efficiencies and budget savings.
  - b) That the budget savings for the city centre planters requires further investigation.
  - c) Clarification of what happens when a scheme is not finished and left partially completed due to lack of money in the year?
  - d) Clarification of the process for picking up these unfinished schemes in the following years?
  - e) Confirmation on the governance arrangements for the MCIB report?
  - f) Clarification that the NRSWRA efficiencies will not lead to more defects and poor reinstatements.
  - g) Clarification that safety considerations will be assessed as part of the winter maintenance review.
  - h) Clarification on the criteria for the selection of litter bins to be removed.
  - i) Clarification on how is the efficiency of BBLP checked, for example, where they are going out multiple times to the same issue and it's not being resolved.

## **Appendices**

Appendix 1 – Annual plan service overview 2024/25

Appendix 2 – MCIB Phase 2 Statement

Appendix 3 – Service managers report

## **Background papers**

None