

Service Manager Review

Public Realm Annual Plan 2024/25

Between

Herefordshire Council

and

Balfour Beatty Living Places

for the provision of

Public Realm Services

Contents

Section 1 Introduction

Section 2 Acceptance Criteria

Section 3 Overview

Section 4 Recommendations

Section 5 Conditions of Acceptance

Section 6 Result

Section 7 Conclusions

Section 8 Signatures

Herefordshire Council – Public Realm Contract – Service Manager Review of Annual Plan 202/25

Acceptance Stage

Section 1 Introduction

1.1 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.'

1.2 This is the Service Manager's review of the Annual Plan as submitted by the Provider for the 2024/25 financial year, to test whether it is a plan that should be accepted as the Annual Plan for the 2024/25 financial year.

Section 2 Acceptance Criteria

2.1 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.*

2.2 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.'

2.3 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.'*

2.3 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.

2.4 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.

Section 3 Overview

- 3.1 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.
- 3.2 The Employers Commissioners, upon receipt of the draft Service Annexes developed a series of commentary tables to challenge the proposals submitted to ensure that the Annual Plan delivered to the Employers required outcomes. Following the development of an agreed Service Annex consultation was undertaken with internal and external stakeholders to test the service annexes and seek comments that the final drafts met the employer requirements and in accordance with the corporate budgetary information as agreed through budget approval process.
- 3.3 The Annual Plan Annexes and the Employers Commissioners and the Providers Leads are as follows:-

Annex	Service Description	Owner	Employers Commissioner	
			Employers Commissioner	BBLP Lead
0	Local Management Overhead	James Veitch	Ed Bradford	James Veitch
1	Network Resilience	Paul Raynor	Bruce Evans	Paul Raynor
2	Community Development and Stakeholder Management	Antony Agate	Ed Bradford	Antony Agate
3	End to End Network Improvement	James Fishlock	Bruce Evans	James Fishlock
4	Development Control	James Fishlock	Bruce Evans	James Fishlock
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	Paul Raynor	Steven Hodges	Gareth Toft
8	TAMP	James Fishlock	Ed Bradford	James Fishlock
9	Network Management and Traffic	Antony Agate	Bruce Evans	Antony Agate
10	Network Rehabilitation and Maintenance	Paul Raynor	Bruce Evans	Paul Raynor
12	Street Cleansing	Paul Raynor	Spencer Grogan	Paul Raynor
13	Street Lighting	Paul Raynor	Bruce Evans	Gareth Toft
14	Structures	James Fishlock	Bruce Evans	James Fishlock

- 3.4 Following the development and challenge by the Employers Commissioners and the feedback from the consultation sessions the Employer was issued with a set of 14 draft annexes setting out the Providers delivery commitments. In support of the Service Annexes the Service Overview sets out the providers commitments for the management arrangements including performance indicators and some high level descriptions of risks linked to the delivery of the service. The Service 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.
- 3.5 As part of the Annual Plan process, a series of consultation events were held for members and Parish Councils in January. Two face to face events were held at Thorn Depot on Tuesday 16th and Wednesday 17th January, with an evening session held via Teams on Monday 22nd 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 Employer setting out the strategic context behind the Annual Plan, informing attendees through the Local Transport Plan 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 Employer setting out 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. A focus for each group was undoubtedly when the need to invest at the right time was discussed, 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. The Provider 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 the Provider 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 Employer detailed 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 being deployed to maintain the highway network and a brief news update from Balfour Beatty.
- 3.6 The Employer deems that the sessions were more successful than last previous years, based on the numbers attending which were higher. 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.
- 3.7 The supporting financial detail, which sits behind the Annual Plan contains a significant amount of commercially sensitive information, was submitted by the Provider on the 12 January 2024 and finalised by the Provider on the [TBC March 2024]. A series of clarifications were issued by the Employer to the Provider with amendments made. The final version, for use in support of the 2024/25 Annual Plan is PRC_23-24 All Budgets Master [TBC].
- 3.8 The Annual Plan was approved by the Cabinet Member Roads and Regulatory Services on 28 March 2024 and the Contracts Strategic Partnering Board on [xx April 2024]. There were however a number of areas that could not be finalised and agreed by the Employers Commissioners who will finalise these details with the Provider and the Service Director Environment and Highways will approve these final amendments under the power delegated to him by the Decision to approve the principle of the annual plan.
- 3.9 The Annual Plan was approved subject to the any final amendments and review by the Service Manager.
- 3.10 As described in Section 2 of this report, the contract is clear on the criteria that are required to accept the Annual plan. The criteria for acceptance were used in the Employers commissioners assessment of the information that was submitted for approval.

Section 4 Recommendations

- 4.1 In response to the Audit report “The Audit Findings for Herefordshire Council” in June 21 the Employer constituted a Major Contracts

Improvement Board with responsibility for the delivery of an Improvement Plan developed to close out the Auditors concerned.

- 4.2 As part of the Annual Plan 2023/24 updates were provided to the Strategic Partnering Board on the progress in closing out the audit actions with all outstanding actions closed out during the year. Following a review by the Employers Commissioners and Contract Management Team identified a number of commercial and performance matters that are required to be rectified by the Provider to strengthen compliance, improve governance and demonstrate Value for Money to the Employer.
- 4.3 The Annual Plan submission for 2024/25 is accepted and approved at the SPB there are however a number of matters where, further information is required and the Employers Service Manager requires the Provider to respond by the agreed dates. The matters are detailed below with these being agreed with the Provider on the [xx March 2024]

	Issue	HC Action Required and BBLP Responses	When
1	Non-Delivery of 2023/24 Annual Plan	The Provider to address the outstanding Early Warnings. To be removed if all issued closed out by 31 March 2024	
2	Contract Payment Mechanisms	The Provider to develop and present, for approval by the Employer, its proposal for the contracts Payment Mechanism, based on 2023/24 budgets, that evidences the costs and risks of each mechanism in determining the Defined Cost and how the recommended option delivers Value for Money to the Employer. To be removed if all issued closed out by 31 March 2024	
3	Address any outstanding Employers clarifications in respect to the budget master [xx].	The Provider to develop and present, for approval by the Employer, the responses and evidence in respect to any matters outstanding on the final budget master.	April 24
4	Fleet	The Provider to prepare and present, for approval by the Employer, the fleet Replacement Plan - Phase 2, subject to the signing of the Deed of Variation for the Future Operating Model.	Nov 24
5	Evidence Value for Money	The Provider to submit its Value for Money statement defining the cost benefits and savings.	May 24
6	Performance Framework	The Provider to develop and present a revised performance framework, comprising Strategic Performance Indicators and Operational Performance Indicators for the contract in line with the draft performance framework for formal agreement as part of the FOM, subject to the signing of	Sept 24

		the Deed of Variation for the Future Operating Model.	
7	Development of the annual efficiency and budget savings programme	The Provider to develop and present, for approval by the Employer, its proposals to deliver further efficiencies within 2025/26 with a target of £450,000 for budget savings and £180,000 revenue efficiency savings:	July 24
8	Annual Plan 25/26	The Provider to provide the governance process for the development of the Annual Plan building in lessons learned from the improvements achieved in the development of the 2024/25 plan to the SPB for approval.	April 24
9	Operational Service Review	The Provider to undertake and complete the full operational review of the Revenue Services and provide information to demonstrate the PRC delivers improved efficiency and carbon outcomes to the Employer.	Sept 24
10	Confirm System	The Provider to prepare and present, for approval by the Employer, an improvement plan for the use of the Confirm system to <ol style="list-style-type: none"> 1. Ensure that this is being utilised to the maximum effect and ensure that the OCH is using correct asset information. 2. Ensure that Confirm is integrated into the Employers Granicus CRM system. 	April 24 March 25
11	Asset Management	The Provider to prepare and present, for approval by the Employer, the current status of the asset management database, where any gaps exist and any recommended improvements to strengthen the robustness of the database.	May 24
17	Winter Maintenance	The Provider to participate in the Employers review of the winter maintenance service to develop the operating model and deliver the required budget savings	June 24
18	Locality Stewards	The Provider to assist the Employer in a review of the role of the locality stewards and develop a series of local performance indicators to monitor outputs if deemed necessary after the review.	June 24

Section 5 Conditions of Acceptance

5.1 The Annual Plan 2024/25 is accepted and the 'Provider' Balfour Beatty Livings Places engage with the Service Manager to provide further substantive information as identified in points 1 – 18 of Section 4 above.

Section 6 Result

6.1 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 2024/25 – Summary Table A					
	Contractual Test	Pass Y/N	Comment	BBLP Comment	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 his is clear throughout		✓
2.0	Proposed expenditure must be within Capital and Revenue Budgets that have been assigned to Balfour Beatty Living Places	Y	Financial information is provided in the Service Overview and set out within Appendix A and B of this report.		✓
3.0	Be capable of delivering 3% cashable savings for the Council against the prior year’s spend;	Y	The 3% savings targets for 2024/25 agreed are set out in Appendix B.		✓
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		✓

Section 7 Conclusions

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.	

Section 8 Signatures

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 2024/25 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

David Martin - Service Manager

Date...xx April 2024.

Appendix A – Revenue Budget

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
BBLP Efficiency Savings	-250,000
Commissioning Contingency	-200,000
Gross Expenditure Budget	5,938,041
Income Expectations	
Income (NRSWA, Dropped kerbs)	-136,000
BBLP BUDGET FOR WORKS	5,802,041

Appendix B – Capital Budget

Capital	2024/25
Local Transport Funding Block	
Highways Maintenance Block	£
Band 3	6,395
Integrated Transport Plan	1,599
National Productivity Investment Fund	1,077
Pothole Fund	6,395
	15,466
Retained Herefordshire Council	
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
	2,599
LTP monies to be used across various programmes	£0
BBLP Capital Budget	12,867

Appendix C – 3% cashable savings

The 3% savings target for the public realm contract for FY 2024/25 is **£560,610 (Revenue £180,000 & Capital £380,610)** and the schedule of measures to deliver the 3% revenue savings are detailed below:

Saving Opportunity	Approach to Achieve Saving	In Year Savings Target
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 licensing charges	£34,000
	Grand Total	£180,000

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 BBLPs supply chain costs 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 team and BBLPS procurement and commercial teams, to test the efficiency and value for money achieved through the supply chain.

The outcome of the review demonstrated an in year efficiency gain of £1.2m to £1.7m based on analysis against market indices. This benefit will facilitate an increased delivery of the Forward Programme within the 2024/25 annual plan.