

The New Public Realm Services

Meeting:	Cabinet
Meeting date:	28 November 2024
Cabinet member:	Harry Bramer, Community Services and Assets
Report by:	Corporate Director, Economy and Environment
Report author:	Interim Programme Director – Major Contracts

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

This report seeks approval of the council's Public Realm Services model and to delegate authority for the procurement and associated requirements relating to IT, fleet, depots and demobilisation of the current contract.

Recommendations

That:

- a) Cabinet adopt the Public Realm Services model set out in Appendix 2;**
- b) Cabinet delegates authority to the Corporate Director Economy and Environment to;**

- i. **undertake the procurement of the Public Realm Services model set out in Appendix 2 within the allocated budget;**
- ii. **agree and award of all necessary leases to enable the provision of the Public Realm Services in consultation with property services;**
- iii. **procure and purchase or lease the fleet of vehicles to enable the provision of the Public Realm Services with the Director of Finance;**
- iv. **agree and implement the demobilisation of the current Public Realm Contract;**
- v. **make all operational decision to implement the above recommendations.**

Alternative Options

1. To vary the current contract. This is not an option as the variations required to the contract to meet the council's vision for the new Public Realm Services are not permissible under the Public Contract Regulations 2015.

Background

2. The council's vision is to deliver Public Realm Services that are fit for the future embracing technology, automation and digital innovation, a transition to electric plant and fleet, using materials to meet carbon reduction ambitions, investment in people that support development and innovation enabling the service to continually improve, maximising resources and opportunities to best meet the needs of local residents and communities.
3. The 25 April 2024 Cabinet report provided as a background paper, provides details of the current contract and the reasons why that contract was terminated with an end date of 31 May 2026.
4. The 27 June 2024 Cabinet report provided as a background paper, sets out the new Public Realm Services model that was used for market engagement undertaken during the Summer 2024.
5. Appendix 1 summarises the findings of the market engagement including resulting recommendations that the council have adopted into the model in Appendix 2.
6. The Connected Communities Scrutiny Committee formed a working group comprising of members and officers to review the model and the findings of the market engagement. The outcome of this working group is summarised in a report taken to the committee on the 15 October 2024 which is provided as a background paper to this report. The group made no recommendations to alter the proposed future operating model as set out in Appendix 2.
7. The project has identified the requirements relating to IT hardware and systems, fleet and depot arrangements that will be required to support the new model and new contract.
8. Engagement with the current provider has identified that demobilisation of the current contract will be planned from November 2024 and delivered during 2025 and will be concluded at contract end on 31 May 2026.

Key Considerations

9. The model has been developed to deliver the council's vision, delivering the best for Herefordshire in everything we do, while being attractive to the market to promote a competitive procurement.

10. Market engagement undertaken during Summer 2024 provided contractors early insight to the council's vision and requirements. The resulting recommendations from this engagement have been refined into the model set out in Appendix 2. The refined model will ensure the model is attractive to the market ahead of procurement during 2025, and deliver improvements associated with implementation and operation of the new model and the supporting contracting arrangements.
11. Until the new model and new contracting arrangement come into effect on 1 June 2026, the council and the current provider will continue to work together to deliver the Public Realm Services under the current contract, and both parties have committed to work together to support a smooth transition to the new arrangements.

Implementation & Timescales

New Public Realm Services- High Level Programme		
Activity	Start Date	Finish Date
Services review & model refinement (including IT, fleet & depots)	July 2024	Nov 2024
Develop contract documents, specification & tender documents	Aug 2024	Dec 2024
Connected Communities Scrutiny Working Group 8 October 2024	15 Oct 2024	15 Oct 2024
Cabinet Decision to approve model and commence procurement	28 Nov 2024	28 Nov 2024
Deliver procurement process	Jan 2025	Oct 2025
Cabinet Decision to Award contract	Nov 2025 (TBC)	Nov 2025 (TBC)
Notify Successful Contractor	Dec 2025	Dec 2025
Sign contract	Jan 2026	Jan 2026
Sign contract	1 Jan 2026	31 Jan 2026
Plan and deliver Demobilisation	1 Apr 2025	31 May 2026
Deliver mobilisation (5 months)	1 Jan 2026	31 May 2026
Contract with BBLP ends	31 May 2026	31 May 2026
New Public Realm Services Contract Goes Live	1 Jun 2026	1 Jun 2026

Community impact

12. Public Realm Services are a statutory function of the council and vital to communities as the services include maintaining and developing infrastructure, maintaining green areas, street cleaning, bereavement services, providing effective drainage, lighting the highway and enabling safe and reliable travel by all modes of transport, and access for business and leisure. Transformation is an integral part of the Council Plan 2024 to 2028. A stated aim being to create an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money
13. The Department for Transport has asked local transport authorities to refresh their Local Transport Plans, this work is under way and will be ready for implementation during 2025 and will inform the procurement for Public Realm Services, with an emphasis on active and sustainable traffic measures.
14. The new model will encourage engagement with community groups and parish councils to seek out efficiencies and identify where local communities would like the service enhanced. The model will allow for top up voluntary and paid services to be provided within the scope of the new contract.

Environmental Impact

15. The Public Realm Services, model and new contract will be aligned to the council's 2030 net zero carbon emission targets including:
- a) *Improve drainage and increase flood resilience*
 - b) *Reduce the council's carbon emissions*
 - c) *Work in partnership with others to reduce carbon emissions*
 - d) *Improve the air quality*
 - e) *Improve residents' access to green space*
 - f) *Increase the number of short distance trips being done by sustainable modes of travel including walking, cycling and use public transport*

Equality duty

16. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
17. Due to the broad scope of this project and its potential impact on certain protected characteristics Equality Impact Assessments have been carried out and are provided in Appendix 3 for the impact on the services, and Appendix 4 for the impact on the workforce.
18. The project impacts on protected characteristics can include both positive and negative impacts however there are no negative impacts identified from this project.
19. The Equality impact Assessments provided in the appendices will be kept under review, and developed as the project is developed and implemented until Summer 2026.

Resource implications

20. The 2024/25 approved revenue budget allowed for £0.9 million of one-off funding allocated to deliver the project together with funding of £1.0 million from the council's earmarked reserve balances securing a budget of £1.9 million for project costs during 2024/25, 2025/26 and 2026/27 comprising of project management; contract expertise; fleet expertise; procurement expertise; legal expertise; property expertise; human resources; change management; communications; IT and demobilisation costs.
21. Development of the New Public Realm Services model and contract has been subject to financial review. The review will continue through the procurement process to ensure the services are affordable within the approved combined total Capital Programme and Revenue budget for the new Public Realm Services contract are set out in the table below:-

Capital and Revenue Budgets <i>As at 2024/25 prices</i>	from June 2026 2026/27 £'000	2027/28 £'000	2028/29 £'000	Future Years £'000	Total £'000
Capital LTP Budget	10,723	12,867	12,867	12,867	49,324
Revenue Public Realm Services	4,813	5,775	5,775	5,775	22,138

TOTAL	15,536	18,642	18,642	18,642	71,462
Estimated Additional Capital Works Subject to Funding	2,000	2,000	2,000	2,000	8,000

Funding streams (indicate whether base budget/ external / grant / capital borrowing)	from June 2026 2026/27 £'000	2027/28 £'000	2028/29 £'000	Future Years £'000	Total £'000
DfT Annual Grant	10,723	12,867	12,867	12,867	49,324
Revenue Base Budget	4,813	5,775	5,775	5,775	22,138
TOTAL	15,536	18,642	18,642	18,642	71,462

Budget Implications	from June 2026 2026/27 £'000	2027/28 £'000	2028/29 £'000	Future Years £'000	Total £'000
New Public Realm Services Contract	12,342	15,448	15,448	15,448	58,686
Transfer of staff to Authority to be apportioned between revenue and capitalisation funding <i>(subject to HR confirmation of TUPE cost implications)</i>	3,194	3,194	3,194	3,194	12,776
TOTAL	15,536	18,642	18,642	18,642	71,462

Legal implications

22. The Public Realm Contract together with any other contracts necessary for the provision the Public Realm Services will need to be procured in accordance with the relevant procurement legislation. The Procurement Act 2023 commences on 24th February 2025, until then, the Public Contract Regulations 2015 will apply.
23. Local Authorities have powers under Section 123 of the Local Government Act 1972 to dispose of land which includes granting leases, but they should be able to demonstrate that they have achieved the best consideration reasonably obtainable, unless consent is obtained from the Secretary of State or the disposal satisfies the General Disposal Consent (England) 2003. In addition, if the rent is less than market rent, consideration should be given as to whether the reduced rental could be considered to be a subsidy in accordance with the Subsidy Control Act 2022.

Risk management

24. The key risks associated with approval of the model for market engagement are:

Ref	Risk	Potential Impact	Mitigation
1	The model does not deliver the council's vision for new Public Realm Services.	Public Realm Services do not meet the requirements and expectations of Herefordshire's communities and residents.	The model, contract and specifications are being developed with contract experts working with service leads to ensure the new contracts meets the council's vision and requirements. Market engagement was used during Summer 2024 to refine

			the model aligned to the preferences from the market to maximise interest and promote a competitive procurement.
2	Lack of interest in the new contract.	Lack of competition during the procurement process in 2025 may result in cost escalation and concerns relating to Value For Money for the new contract.	Market engagement was used during Summer 2024 to refine the model aligned to the preferences from the market to maximise interest and promote a competitive procurement.
3	The current provider struggles to retain staff and operatives during the transition period to the new arrangements from 1 June 2026.	Inadequate resources and loss of local and expert knowledge lead to reduction in service capacity.	The council and current provider are delivering regular staff communications setting out the roadmap to the new model and new contract from 1 June 2026, including providing assurances to staff identified to transfer to the council or new contract under the new model. The council and the new provider will continue to work together to provide the necessary assurances to staff.
4	Relationship sours with the current provider during the transition period to the new contracts on 1 June 2026.	Service delivery performance reduces, and/or the current provider adopts a commercial approach for remaining period of contract resulting in service reduction and cost and claim increases.	The current provider has committed to, and been assisting with, a smooth transition to the new model. The Council and current provider are working together maintaining a good relationship ensuring appropriate contractual and performance controls are in place during the remainder of the contract. The Council and current provider will work together to develop a Demobilisation Plan that will start to be implemented from 2025.
5	Cost increase.	The new contract costs more than the current contracted services resulting in a reduction of services.	The model and contract selected follows industry best practice, has been subject to market engagement to secure a competitive procurement and subject to a financial review.

Consultees

A Political Group Consultation was held on Monday 18 November 2024 which provided an update

including the findings from the market engagement, a summary of the recommendations that have been accepted by the council and adopted into Appendix 2 of this report. Members were informed that current contractor has been kept informed of developments, and have committed to supporting the transition to the new arrangements and that it is proposed to return to Cabinet towards the end of 2025 seeking permission to Award the new contract.

Members were broadly supportive of the findings of the market engagement and the model that is set out in Appendix 2. Members sought assurances relating to the level of interest of suppliers, the value and quality of the new contract, the transfer of staff into the council and Locality Stewards.

Members attended from The Conservative Party, The Green Party, The Liberal Democrats. Independents for Herefordshire, True Independents and following the meeting a recording was shared with all ward members.

The council and the current provider are delivering regular communications with their staff in relation to the transition to the new Public Realm Services.

Appendices

- Appendix 1- Findings of Market Engagement Report
- Appendix 2- New Public Realm Services Model for Procurement
- Appendix 3- Equality impact assessments for services
- Appendix 4- Equality impact assessments for workforce

Background papers

Connected Communities Scrutiny Committee 15 October 2024
<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=1157&MId=9355&Ver=4>

Cabinet 27 June 2024
<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=9301&Ver=4>

Cabinet 25 April 2024
<https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?Id=10100>

Cabinet 2 March 2023
<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=8905&Ver=4>

Connected Communities Scrutiny Committee 13 February
<https://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=1157&MId=8826&Ver=4>

Report Reviewers Used for appraising this report:

Governance	Claire Porter	Date 07/11/2024
Finance	Racheal Hart	Date 08/11/2024
Legal	Sarah Halliwell	Date 06/11/2024
Communications	Luenne Featherstone	Date 07/11/2024

Procurement	Carrie Christopher	Date 24/10/2024
Finance	Rachael Sanders	Date 08/11/2024
Equality Duty	Harriot Yellen	Date 07/11/2024
Risk	Jessica Karia	Date 07/11/2024

Approved by	Ross Cook	Date 20/11/2024
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Glossary of terms, abbreviations and acronyms used in this report.

None.