
COMMERCIAL & COLLABORATION SERVICES – PROGRESS UPDATE

Reason for the Report

1. To provide Members with the opportunity to consider the progress achieved by the newly formed Commercial & Collaboration Services since it was established in June 2016.

Background – Commercial & Collaboration Services

2. Between the summer of 2014 and June 2016 the Council ran a Project titled “Infrastructure Services”. The aim of the Project was to identify a suitable model to deliver a range of 14 Council services while making savings and improving service delivery. The services within the scope of this project were:

- Waste Collections (Commercial & Residential);
- Street Cleansing;
- Waste Treatment and Disposal;
- Waste Education and Enforcement;
- Pest Control;
- Parks Management and Development;
- Highways Operations;
- Highways Asset Management;
- Infrastructure Design and Construction Management;
- Central Transport Services;

- Hard Facilities Management;
 - Soft Facilities Management Cleaning;
 - Soft Facilities Management Security and Building Management;
 - Projects, Design & Development.
3. The 2016/17 gross and net expenditure budgets for these services are £71.2m and £26.1m respectively. The total Full Time Equivalent (FTE) posts employed by these services is 1255.
4. The Infrastructure Services Project went through several phases and received regular scrutiny, the main two main parts of the project assessment were:
- **Outline Business Case** – This reviewed five basic models (Modified in House, Wholly Owned Arm's Length Company, Public / Public Joint Venture, Public / Private Joint Venture and Outsourcing) with the aim of identifying two models to take forward to the Full Business Case process.

On 16 July 2015, Cabinet considered the results of the Outline Business Case that concluded that the most appropriate future delivery model for the services in scope was a Wholly Owned Company (with Teckal exemption). Cabinet agreed that a Full Business Case analysis be completed for the Teckal Exempt Wholly Owned Company (WOC) and Modified in House models.

- **Full Business Case** – On the 16 June 2016 Cabinet received a paper titled 'Infrastructure Services – Alternative Delivery Models: Next Steps'. This paper provided Cabinet with the outcomes of the Full Business Case analysis undertaken on the Wholly Owned Company and Modified in House models for Infrastructure Services. At this meeting Cabinet approved the establishment of Commercial & Collaboration Services and Neighbourhood Services to deliver services through a Modified in House model.

It was hoped that that creation of Commercial & Collaboration Services would improve service delivery and increase commercial capacity to grow income streams. The new Commercial & Collaboration Services was to include:

- **Recycling Waste Management Services** (Commercial Waste Collections, Domestic Waste Collections, Recycling Waste Treatment and Disposal);
 - **Fleet Services** (Central Transport Service);
 - **Total Facilities Management** (Hard FM (Building Maintenance); Soft FM (Cleaning; Security and Building Management)), and Pest Control;
 - **Design** (Projects Design and Development).
5. The process (for both the Outline Business Case and Full Business Case) was reviewed and challenged by Local Partnerships, a specialist company jointly owned by the Local Government Association and HM Treasury who are regularly employed to review large United Kingdom public sector projects of this type.
6. The newly formed Commercial & Collaboration Services was transferred into the Economic Development Directorate following the Cabinet decision on the 16 June 2016.

Governance Issues

7. As stated above the Commercial & Collaboration Services now sits within the within the Economic Development Directorate. The service is led by the Assistant Director for Commercialisation and Collaboration who reports to the Director for Economic Development. The service also reports to the Commercialisation & Collaboration Project Board which was established to lead the improvement, modernisation and commercialisation of services. The Commercialisation & Collaboration Project Board meets on a monthly basis to

oversee the progress of Commercial & Collaboration Services. Cabinet Member briefs on the progress of Commercial & Collaboration Services are also prepared.

8. Service Improvement Plans and Financial Improvement Plans have been prepared for each service. These include content to support Commercialisation and Workforce Development.

Commercial & Collaboration Services – Early Progress

9. Since June 2016 work has started on the development of Commercial & Collaboration Services. Early progress has been achieved in each of the service parts within Commercial & Collaboration Services, the main achievements include:
 - **Fleet Services (Central Transport Service)** – The service has achieved early progress in a number of areas, these include:
 - Following a Procurement exercise the service received approval to install the Civica Tranman fleet management system. It is anticipated that this system will go live on 1 April 2017.
 - The service is progressing the vehicle utilisation programme. This has a target of achieving £400,000 of savings for the period 2016 to 2018.
 - A cost and pricing model has been built to assist with achieving cost efficiencies and commercial growth. This was preceded by a zero based budget analysis for the service.
 - Growth of external income – the service has received significant interest from external organisations which could result in future external income.

- At month 8, the service was currently projecting an end of year budget overspend of £24,000. It is hoped that this overspend will be mitigated before the end of the financial year 2016/17.

- **Total Facilities Management** - The service has achieved early progress in a number of areas, these include:
 - The service has received approval to start the installation of RAMIS system in early 2017 – this will act as a data base for the ongoing management / scheduling of property maintenance.
 - The service has successfully negotiated with some key school clients for the continuation of building maintenance and cleaning services.
 - The service has received a successful and prompt response to a number of difficult compliance issues faced by the Council.
 - The service is looking to improve relationships with opted out schools to improve the management of Council property liabilities.
 - The Pest Control Service (which is a part of Total Facilities Management) has increased its number of customers and income.
 - The service has identified a number of external spend and insourcing opportunities.
 - At month 8, the service was projecting an end of year projected budget surplus of £102,000.

- **Recycling & Waste Services** - The service has achieved early progress in a number of areas, these include:

- The development of new technologies is progressing. 'In cab' solutions are currently being procured along with mobile working technology for the supervisors.
- Commercial Waste income has increased. They have won a number of new high profile contracts and are now extending their service offer by cross selling additional services to existing customers, i.e. developing the multi service approach.
- The service has increased collaboration with other local authority partners; it now processes/ handles recyclate for three other local authorities.
- There has been investment in staff through essential skills training, for example, 13 'C Class' (heavy goods vehicles) training places have been created and there has been a recruitment of new frontline posts.
- Agency spend has been reduced by 13%.
- Projecting a balanced budget and on track for recycling statutory targets.

Commercial & Collaboration Services Key Objectives 2017/18

10. Commercial & Collaboration Services is in the process of producing a 'Commercial & Collaboration Services Delivery Plan – 2017 to 2020'. It is anticipated that this document will be complete for the start of the 2017/18 financial year. The plan will include a series of key objectives for the period 2017 to 2020. In advance of the publication of the 'Commercial & Collaboration Services Delivery Plan – 2017 to 2020' the service has provided a summary of key objectives for each of the services within Commercial & Collaboration Services for the year 2017/18, these can be seen below:

- **Fleet Services (Central Transport Service) Delivery Plan 2017-18 - Key Objectives:**

- From the 1 April 2017 the service plans to start using the Civica Tranman fleet management system.
- The service aims to improve service delivery to internal users during 2017/18.
- The service will aim to carry on growing external income through 'Vehicle Workshops' and 'Fabrication'. They have a target of increasing net income by £75,000.
- The service is looking to accelerate the vehicle utilisation project.
- The service is looking to insource services which are currently outsourced where this is possible.

- **Total Facilities Management Delivery Plan 2017-18 Key Objectives:**

- To improve the standard of service delivery to schools.
- To rebalance the relationship with opted out schools and supporting services to provide greater assurance of statutory obligation compliance.
- To commence the procurement of a new building maintenance frameworks.
- To deliver new technology for internal teams and for performance management of external contractors.
- Increase income in all Total Facilities Management teams with a target increase in net increase of £84,000.

- **Recycling Services Delivery Plan 2017-18 Key Objectives**

- To increase further commercial income opportunities and collaboration with other local authorities.

- To deliver the in-cab solutions to drive further efficiencies and improve the customer experience.
- To driver forward new approaches for service efficiencies and to build team morale.
- To provide further investment in staff training and development.
- To review the Environment Act and consider a range of approaches to recycling collections to improve sustainability and reduce costs.
- To explore new markets and identify partners to increase reuse and recycling performance, as well as to deliver a reuse outlet.

Stakeholder Engagement

11. Since June 2016 fortnightly meetings have been held with the Trade Unions to review the progress of the service and support stakeholder engagement. In addition to this there has been regular staff engagement to discuss progress and changes required to improve, modernise and commercialise services. The service plans to launch a newsletter in early 2017.

Commercialisation

12. Analysis has been undertaken on Council external spend for the type of services delivered by Commercial & Collaboration Services; this is currently estimated to be £123m per annum. The service believes that some of this external spend is suitable for insourcing. They also believe that savings can be produced as a result of better procurement and by using the process of 'reverse selling', i.e. selling Commercial & Collaboration Services to existing commercial partners.
13. Since the creation of Commercial & Collaboration Services a 'cost and pricing model' has been designed for Fleet Services (Central Transport Services). The feedback of this approach to date has been positive and as a consequence

Commercial & Collaboration Services plans to roll it out to the other parts of the service in Quarter 4 2016/17.

14. The service is also proposing the implementation of a number of other commercialisation tools. Examples of this include the establishment of a One Customer View; the development of customer account management; fortnightly Commercial Team meetings to review opportunities and workflow pipeline and review of short term marketing activities (for example, staff MOTs, fabrication, and Social Services cleaning).

Workforce Development

15. Since the establishment of the Commercial & Collaboration Service a number of workforce development activities have taken place, these include:
 - The creation of two trade apprenticeships within Building Maintenance.
 - The creation of two trade and two corporate apprenticeships – these will be recruited within Fleet Services (Central Transport Services) during 2017-18.
 - The creation of two corporate trainee apprenticeships within Recycling Services during 2017-18.
 - The 'Essential Skills Initiative' was launched in Lamby Way in Quarter 3 2016/17. It is anticipated that this scheme will also be launched at Coleridge Road in Quarter 4 2016/17.
 - The promotion of NVQs for front line staff in Commercial & Collaboration Services.
 - The new Corporate Workforce Planning tool will be piloted in Total Facilities Management in Quarter 4 2016/17.

Budget

16. The 2016/17 budget made no specific savings proposals for Commercial & Collaboration Services, however, the service parts which now form Commercial & Collaboration Services were allocated a total of £3.778 million in the 2016/17 budget setting process. The main budget savings by type which were identified against the service parts were:

- Employee costs - £1.137 million;
- Income - £736,000;
- Other spend - £1.905 million.

17. It is anticipated that the projected savings for the years 2017/18, 2018/19 and 2019/20 will be published (after consultation) in the Commercial & Collaboration Services Delivery Plan 2017 to 2020'. Commercial & Collaboration Services anticipates that it will achieve an overall balanced budget for 2017/18.

Way Forward

18. Councillor Bob Derbyshire (Cabinet Member for the Environment) and Councillor Graham Hinchey (Cabinet Member for Corporate Services & Performance) have been invited to attend for this item. They will be supported by officers from Commercial & Collaboration Services.

Legal Implications

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with

recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

20. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Note the contents of the attached reports;
- ii. Consider whether they wish to pass on any comments to the Cabinet following scrutiny of this item.

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4 January 2017