

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

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Dear Councillor Goodway,

Policy Review & Performance Scrutiny Committee: 18 April 2017

Thank you for attending the Policy Review and Performance Scrutiny Committee last week to facilitate policy development scrutiny of proposals to commercially develop the Central Transport Service (CTS). I would be grateful if you would also pass on our appreciation to Tara King and her team for the presentation, and for assisting with members' inquiries. We discussed your proposals, and the Committee has requested that I pass on the following comments and observations to inform the Cabinet's consideration of CTS and the best way to proceed.

Proposed new model

The Committee noted the progress made since the centralisation of transport services, however the approach has not fully utilised the capacity for commercial growth and efficiency savings that exist within the service. We note the administration's political decision to retain these services in house and that in June there will be news of a new proposal to test a public - private partnership approach, with one or a number of external organisations.

We note your view that an external commercial partner has the potential to make improvements to the service and that there are a wide range of issues to be evaluated in taking such a decision. Whilst with this approach a level of existing commercial risk will be transferred to a commercial partner, you are clearly aware that a new partnership can bring new risks to the authority.

Budget implications

Members were interested to hear that you have central sight of the overall costs to the Council of vehicle maintenance and note that they are increasing. We therefore understand your proposal that budgets for vehicle maintenance should sit within service areas, as you believe that this would provide greater accountability with vehicle usage clearly within service area cost control.

We note your view that some service areas are more forthcoming than others in co-operating to optimise vehicle usage, and that team behaviours can sometimes be an obstacle to maximising the potential for savings. You stated that when service areas are challenged they often offer reasons why some vehicles are not fully utilised.

Having clarified that the £8.6m budget for the vehicle maintenance service includes Council related internal service overheads, we commented that having budgets located in service areas provides the option of service areas looking elsewhere for vehicle maintenance services where they believe they are feasible and cost effective.

The Committee considers that budgets need to factor in depreciation and the cost of replacement at the end of a vehicles lifespan.

Exploring all markets/ opportunities

The Committee wishes to stress that, if the Council decides to retain a central transport service, it must engage in better market planning and targeting.

Specifically, targeted exploration of opportunities for commercial partnerships or agreements, to make full use of the facilities. Some members believe there is an opportunity to increase the marketing of MOT's, particularly to staff and councillors.

Evaluating success

The Committee considers it important that your proposals for a public –private partnership approach to the commercialisation of CTS includes a clear indication of how you will measure success. We note your view that the criteria for doing so might include the reduction of risk, and a share in any profits.

To re-cap, following policy development scrutiny, the Committee

- concurs that it is worth exploring engagement with an external commercial partner to improve efficiency and reduce costs noting that a level of existing commercial risk will be transferred to a commercial partner, and that the new partnership could bring new risks to the Council.
- understands your proposal that budgets for vehicle maintenance should sit within service areas as this will provide greater accountability.
- considers it important that budgets factor in overhead costs such as depreciation and the cost of replacement at the end of a vehicle's lifespan
- encourages you to engage in market planning and targeting to make full use of the facilities.

As this was policy development scrutiny, we will not expect a response at this stage. We will, however, maintain an interest in progress in forward work programming. Once again, on behalf of the Committee, please pass my sincere thanks to all who attended PRAP Scrutiny Committee for the consideration of the Central Transport Service.

Yours sincerely,



COUNCILLOR DAVID WALKER CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee.
Tara King, Assistant Director Commercial and Collaboration
David Lowe, Operations Manager,
Joanne Watkins, Cabinet Office Manager.
Alison Taylor, Cabinet Support Officer.