
INFRASTRUCTURE BUSINESS MODEL & ALTERNATIVE DELIVERY OPTIONS

Reason for the Report

1. To provide Members with a briefing on the 'Infrastructure Business Model' project and the of range of alternative delivery models that could be used to deliver services potentially within the scope of the project, with a view to agreeing to participating in a joint Inquiry led by the Environmental Scrutiny Committee to consider these issues in more depth.

Background

2. This Committee has previously been briefed on the Council's three-year programme of Organisational Change, which was approved by the Cabinet on 15 May 2014. The Organisational Development Programme includes five strands of linked activity implemented to deliver a fundamentally reshaped service delivery landscape. One of these is the 'Strategic Commissioning Programme', which comprises four project workstreams including the 'Infrastructure Business Model'.
3. The services likely to be within the scope of the 'Infrastructure Business Model' at the start of the project include Waste Collections; Street Cleansing; Waste Education and Enforcement; Pest Control; Highways Maintenance and Asset Management; Infrastructure Design; Telematics; Parks Operations and Design; Central Transport Services; and Soft Facilities Management (cleaning and security services). The services in scope may change as the project progresses. These services sit under the terms of reference of the Environmental Scrutiny Committee, apart from Facilities Management and Central Transport Services which fall under this Committee's terms of reference. The Committee was briefed in January 2014 regarding proposals to

develop a business case for Central Transport Services to become a Trading Company.¹

4. In developing the 'Infrastructure Business Model' the Council is aiming to identify and implement the most appropriate delivery models(s) for the identified range of services. If successful, the project will deliver an operating model, closely aligned to Cardiff Council's new commissioning role, which delivers efficiency savings in conjunction with measured improvements in service delivery.

Range of Potential Alternative Delivery Models

5. The Project will consider a number of Alternative Delivery Models for the scope of services. These may include:
 - Modified in-house service delivery;
 - Establishment of wholly owned arms length company;
 - Joint Venture;
 - Co-operatives and Mutuals;
 - Collaboration;
 - Outsourcing.

It is intended that a short list of possible alternative delivery options be identified and that these be subject to a detailed analysis to identify the best way forward.

Key Stakeholders & Consultation

6. As the potential range of services within the 'Infrastructure Business Model' impacts on a wide range of stakeholders the need for thorough consultation is essential. It is anticipated that the key stakeholders involved with the project consultation will include the Cabinet; Councillors; Trade Unions; Scrutiny Committees; the Senior Management Team; the Project Team; Corporate Support Services; Staff delivering services within the scope of the project; the Vale of Glamorgan Council; other adjoining local Councils and the Welsh Government.

¹ Papers can be found on the Council's website at: https://formerly.cardiff.gov.uk/objview.asp?object_id=27852

Anticipated Project Phases

7. A project of this scale has to involve a very detailed level of planning. To help support this work the project will be split into five distinct project phases, these are:

- **Phase 1 – Service Reviews** - This will include a number of key tasks, these will include:
 - Undertaking a separate analysis of the services within the scope of the project;
 - Consolidating the service analyses to produce a report setting out findings, conclusions and action plan;
 - Inviting challenge from stakeholders (e.g. Peer Challenge Board, Scrutiny, Unions),
 - Submitting a report to Cabinet with recommendations for next steps including proposed short list of alternative delivery options **to be subjected to a detailed appraisal.**

- **Phase 2 – Options Appraisal** – This phase of the project will include a range of tasks including:
 - The completion of a detailed options appraisal and identification of the preferred option;
 - Inviting challenge from stakeholders as above;
 - Submitting a report to Cabinet which will identify a preferred option.

- **Phase 3 – Detailed Business Plan** - This phase of the project will include a range of tasks including:
 - Completion of a detailed business plan for preferred option;
 - Inviting challenge from stakeholders as above;
 - A report to Cabinet based on the business plan for the preferred option.

- **Phase 4 – Commence Implementation** – This is the phase where the Council will begin to deliver the implementation of the approved future delivery model.

- **Phase 5 – Commence Delivery of Services** - This is the phase where the Council will begin to deliver services using the newly implemented alternative delivery model.
8. An intended overall project timescale will be based on the need to satisfy one of the main intended benefits of the project, that is, Council savings for the period 2015/16 onwards. However, feasibility of any programme target will be dependent upon the type of future delivery model which is approved at the end of Phase 2. Implementation timescales will be a key consideration in the appraisal of the alternative delivery models considered during Phase 2.

Potential Benefits

9. Initial scoping of the project has identified a number of potential benefits for the Council, these include:
- Reduction in the Council's base budget support for the services in scope;
 - Efficiency improvements in the delivery of services;
 - Improvement in quality of service delivery;
 - Development of a strong commercial focus.
13. The performance indicators and other factors that will be used to assess the project success will be identified within the business plan which will be prepared as part of the project.

Potential Risks

14. Initial scoping has identified a number of key risks associated with the project, these include:
- Future service delivery model not implemented within required timescale;
 - The 'wrong' future service delivery model is approved and implemented;
 - Anticipated savings and other benefits are not realised;
 - 'Mismatches' with other Council services and interfaces;
 - Industrial relations issues;
 - Member resistance to proposed future model for service delivery;
 - Project spend exceeds approved budget.

Issues

15. The meeting will provide the Committee with the opportunity to scrutinise and comment on the 'Infrastructure Business Model' proposals. They can also discuss the options for future scrutiny of the project, including the scope and structure of any inquiry work to be undertaken with the Environmental Scrutiny Committee.

Way Forward

16. Councillor Bob Derbyshire, Cabinet Member for the Environment and Councillor Graham Hinchey, Cabinet Member for Corporate Services and Performance have been invited to attend the meeting and may wish to make a statement. David Lowe, Waste Operations Manager and Lesley Ironfield, Operational Manager for Facilities Management have been invited to attend to deliver a presentation on the project proposals and to answer Members' questions.

Legal Implications

17. 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

18. 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:

- Consider the information in the report, appendices and provided at the meeting;
- Decide whether they would like to make any comments to the Cabinet;
- Decide the way forward for future scrutiny of the issues discussed.

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County Clerk and Monitoring Officer
25 June 2014