



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

AGENDA

Committee	POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE
Date and Time of Meeting	WEDNESDAY, 16 MAY 2018, 4.30 PM
Venue	COMMITTEE ROOM 4 - COUNTY HALL
Membership	Councillor Walker (Chair) Councillors Berman, Bowen-Thomson, Boyle, Cunnah, Owen Jones, Mackie, McKerlich and Murphy

1 **Apologies for Absence**

To receive apologies for absence.

2 **Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

3 **Minutes** (*Pages 3 - 10*)

To approve as a correct record the minutes of the 18 April 2018.

To approve as a correct record the minutes of the 18 April 2018 – Call-in

4 **The Workforce Strategy** (*Pages 11 - 34*)

- Councillor Chris Weaver, Cabinet Member for Finance, Modernisation and Performance will be in attendance and may wish to make a statement.
- Philip Lenz, Chief Human Resources Officer and Tracey Thomas, Human Resources People Partner will be in attendance to give a presentation and answer members' questions.
- Questions by members of the Committee

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

By receiving this Agenda Pack electronically you have saved the authority approx. £4.20 in printing costs

- 5 Central Transport Services Commercial Development** (*Pages 35 - 40*) 5.30 pm
- Councillor Russell Goodway, Cabinet Member for Investment and Development will be in attendance and may wish to make a statement;
 - Neil Hanratty, Director Economic Development, and Tara King, Assistant Director Commercial and Collaboration, will be in attendance to give a presentation and answer member's questions.
 - Questions by members of the Committee
- 6 Managing the Estate under a Corporate Landlord Model** (*Pages 41 - 92*) 6.15 pm
- Task and Finish Inquiry – draft report of the Committee
- 7 Customer Leadership** (*Pages 93 - 146*) 6.30 pm
- Task and Finish Inquiry – draft report of the Committee
- 8 Way Forward** 6.45 pm
- a) Workforce Strategy 2018-21
 - b) Central Transport Services – Commercial Development
- 9 Date of next meeting** 7.15 pm
- 20 June 2018, 4:30pm, Committee Room 4, County Hall, Cardiff

Davina Fiore

Director Governance & Legal Services

Date: Thursday, 10 May 2018

Contact: Kate Rees, 029 2087 2427, kate.rees@cardiff.gov.uk

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

18 APRIL 2018

Present: Councillor Walker(Chairperson)
Councillors Berman, Bowen-Thomson, Boyle, Owen Jones,
Mackie, McKerlich and Murphy

119 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Cunnah.

120 : DECLARATIONS OF INTEREST

No declarations of interest were received.

121 : MINUTES

The minutes of the meeting held on 14 February 2018 were approved by the Committee as a correct record and we signed by the Chairperson.

122 : CORPORATE LAND AND PROPERTY MANAGEMENT PLAN 2018/19

The Committee received a report providing an opportunity for Members to consider Council's Corporate Land and Property Management Plan 2018/19 (CLPMP). Members were advised that in 2015 the Council published its 5-year Corporate Property Strategy 2015-20, appended to the report at Appendix C. This Strategy established clear targets for the delivery of the strategic objectives of modernisation, rationalisation and collaboration. The delivery of the Corporate Property Strategy is set out in an annual implementation plan (CLPMP). The implementation plan for 2018/19, appended to the report at Appendix B, was approved by Cabinet in February 2018.

The CLPMP sets annual targets that contribute to the five-year targets in the Corporate Property Strategy. The CLPMP also outlines plans for the year ahead and provides explicit targets in terms of reducing the size and cost of the Council's estate, the cost of which is second only to staffing costs.

The draft Corporate Plan 2018-21 also makes reference to the Council's property estate as follows:

'Modernise the management and operation of the Council's estate to achieve fewer but better buildings by:

- *Completing the comprehensive review of the Council's estate by the end of 2018*
- *Fully establishing the new Corporate Landlord delivery model to ensure all of the Council's estate is compliant by the end of 2018'*

Key Performance targets to monitor progress against the above objectives were summarised in the report. The report also included a summary of the governance arrangements in respect of property matters.

Members were advised that the Cabinet Report of February 2018 highlighted that the optimisation of property assets to support the Council's objectives requires an effective corporate approach to land and property management. The Corporate Landlord Model offers such an approach, the progress of which is scheduled to be reported to Cabinet in May 2018.

The Cabinet has stated that it will embark on an enhanced land and property disposal programme to generate £40 million over the next 5 years; the first £25 million of which will fund the Council's contribution to the Band B 21st Century Schools Programme.

The CLPMP sets out the properties in scope and introduces two new workstreams to deliver capital receipts of £40 million over the next five years, namely the Corporate Landlord and the Medium Term Disposal Programme. The Plan also includes four key targets: revenue reduction; maintenance reduction; floor space reduction; and capital receipts. The Corporate Landlord programme aims to create one cohesive operating model for the organisation leading on all non-domestic property matters. The Medium Term Disposal Programme will aim to deliver £40 million of additional capital receipts over the next five years.

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member for Investment and Development, Neil Hanratty, Director; Tara King, Assistant Director and Helen Thomas, Operational Manager to the meeting. The officers were invited to deliver a presentation on the Corporate Land and Property Management Plan 2018/19.

The Chairperson opened the debate and invited Members to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Members asked officers to explain the objectives of the strategy, and how these would help reduce the Council's estate maintenance backlog. Officers stated that the main objective was to generate £40 million in capital receipts. This would reduce the size of the estate and, therefore, reduce the maintenance backlog. Officers were unable to predict when the 'repair bill' would be eliminated; however, the majority of the maintenance backlog is schools related. Investment in the school estate via the 21st Century Schools Programme will assist in reducing the maintenance backlog. Members were asked to note that the maintenance backlog in the core office estate was increasing and was estimated to be in the region of £100 million.
- Members noted that the return on commercial leases was approximately £500,000 per annum. Members asked whether this sum represented a good rate of return and asked officers to explain how the rate of return is evaluated. Members were advised that properties in the commercial estate are currently under review. Some properties are leased and provide an income – others are put to community use and do not provide an income. In terms of the investment estate, each individual asset is being assessed. The estate management is intensive and the review is seeking to establish maintenance responsibilities.

- Responding to a question from the Committee, officers confirmed that running costs diminish once assets are released. The service area is on track to meet its targets in this regard.
- Members asked whether the service area is seeking to engage with members of the community in order to improve cost effectiveness. Officers stated that recent improvements in Cardiff Central Market are a good example of this in practice. All stalls are tenanted and new co-terminus leases have been introduced. The new leases ensure that all parties are aware of their responsibilities and this has helped foster better relationships with stall holders.
- The Cabinet Member stated that the authority would need to change its approach to community asset transfers. The residual risk for asset transfers remains with the authority and the authority may need to reconsider how these are discharged.
- When disposing of non-operational estate assets, Members asked whether consideration is given to the facilities they provide. Officers confirmed this is the case. As new schools are built consideration is given to how these new facilities may be used by community groups, instead of groups having their own assets. Community groups can make use of better buildings that support a variety of uses. Community asset transfers will need to be reconsidered as the authority may be handing over assets that are no longer fit for purpose.
- Members noted that two disposals in 2017/18 were delayed and asked whether lessons had been learned. The Director stated that when Howard Gardens was sold it was subject to contract. The site needed primary planning consent. The disposal of Wedal Road was ready to be completed prior to 31 March 2018, but the officer decision was 'called-in' for scrutiny and this had resulted in a delay. The five-year strategy allows for capital receipts to be delivered against a target and these do not necessarily fit within the financial years. In terms of the 5-year programme, the Council is well ahead of its target.
- The Cabinet Member stated that the Committee was correct that there are political pressures around the disposal of assets in some wards. A list of future disposals would be forthcoming in the autumn, and the list is likely to include sites where there may be some resistance.
- A Member asked, as the authority is looking to move to a position whereby community assets will either be invested in or disposed of, would there be less scope to retain assets in the future, and would there be consultation with communities. The Cabinet Member stated that he was happy to share any proposals. The Council is aware of concerns but account must be taken of the condition of these assets, as the authority is still responsible for maintenance and repairs after assets are transferred. The Council must ensure that all works and repairs comply with regulatory standards. The Cabinet Member said it might be helpful to consult with colleagues in order to find an acceptable mechanism.
- Members asked how the authority intends to maximise returns on the disposal of assets. Members also asked how the £40 million target set out in the CLPMP had been calculated. Officers indicated that disposals to partners in the public sector are governed by Welsh Government protocols. The default position is to offer all

disposals to public sector partners in the first instance before placing them on the open market. The £40 million figure is based on market values.

- Officers were asked to provide an explanation of 'investment yield'. The Committee was advised that investment /yield reflects the rate of return on investments within the portfolio. These can range from ground rent at 2% to other assets that yield 15%. The service area is seeking to increase yield and reduce costs.
- Officers stated that Welsh Government protocol around disposals between public bodies requires that an independent valuation be sought. This also applies to the Housing Revenue Account. The authority will shortly be disposing of land at Dumballs Road to the Housing Revenue Account at an agreed valuation. The valuation will be calculated using a prescribed methodology.
- The Committee noted that in 2015 the target for capital receipts was £20 million and in 2018 the target is £40 million. Members asked whether such a target carries the risks that in 20 years' time the target may not have been a prudent one. The Cabinet Member stated that there were many risks.
- Members asked where the potential purchase price is known will that affect negotiations. Members were advised that the purchase price is a guide price only and it does not substantially affect negotiations.
- Members considered that the CLPMP did not provide justification for disposing of the assets listed. Members suggested that if the context were known then disposal would be easier. The Cabinet Member stated that the Council is seeking to rationalise and deliver its activities more efficiently and, therefore, a series of considerations will apply.
- Members asked at what point it is considered that a building falls below the required standards in terms of service provision. Officers advised that property audits provide information on how buildings are being used and what services are being provided. Better-informed decision-making is able to take account of service needs and potentially offer better facilities in the future e.g. community facilities in Band B schools.
- A Member considered that the strategy was realistic, in contrast with recent evidence the Committees Corporate Landlord task and finish inquiry had received from Bristol City Council. The Member asked whether the authority was settling for a realistic rather than an aspirational strategy. The Cabinet Member stated that the challenge to find £25 million in capital receipts for Band B schools arose in the current year when the Welsh Government confirmed its £285 million investment. The programme is ambitious and risk is inevitable. The proposals will be monitored and revised if necessary. However, the administration's priority is to replace school buildings that are now beyond their useful life.
- Officers confirmed that the Central Market is achieving a balanced budget and all leases are now co-terminus.

- Members asked how important it was that building conditions are made satisfactory, rather than the asset being disposed of. Officers stated that Condition Surveys are key to those decisions. An assessment on any maintenance backlog is made and this information is used to inform decision-making.
- Members noted that the long-term plan is to reduce the number of staff locations. Members asked how many staff locations would be retained. The Committee was advised that the authority is looking at options around its core office estate, including moving to a single location. The Cabinet Member stated that it was envisaged that such a facility may not be a stand-alone Council building; there was potential for a public service hub. Discussions with public sector partners and Ministers are ongoing. The Cabinet would hopefully be asked to consider a business case prior to the summer recess.

AGREED – That the Chairperson writes to the Cabinet Member on behalf of the Committee to convey their thoughts and observations.

123 : DATE OF NEXT MEETING

The next meeting is scheduled to take place on 16 May 2018.

The meeting terminated at 5.50 pm

This page is intentionally left blank

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

18 APRIL 2018

Present: Councillor Walker(Chairperson)
Councillors Berman, Bowen-Thomson, Boyle, Owen Jones,
Mackie, McKerlich and Murphy

124 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Cunnah.

125 : DECLARATIONS OF INTEREST

The following declarations of interest were received in accordance with the Members Code of Conduct and the Local Government Act 1972:

Councillor Bowen-Thompson	Item 3	Resident in the Heath Ward
Councillor Mackie	Item 3	Ward Member for Cathays

126 : CALL-IN OF OFFICER DECISION SED/PR/29303: DISPOSAL OF WEDAL ROAD HWRC, CATHAYS, CARDIFF. REPORT OF THE DIRECTOR OF ECONOMIC DEVELOPMENT.

The Chairperson welcomed Councillor Goodway (Cabinet Member for Investment and Development), Neil Hanratty (Director Economic Development) and Helen Thomas (Strategic Estates Manager) to the meeting.

The Chairperson moved that the discussion of this item be heard in closed session as it contained confidential information by virtue of paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12a of the Local Government Act 1972.

The Chairperson moved that Committee resolve to exclude Members of the Public from the meeting.

RESOLVED – That

- (1) Officer Decision SED/PR/29303 be referred back to the decision making officer in accordance with the Call-In procedure.
- (2) The Chair to write to the decision making officer in order to relay the comments, observations and recommendation of the Committee.
- (3) The Chair to write separately to the Director of Governance and Legal Services to evaluate the suitability of Council procedures and protocols for the independent valuation of assets for disposal.

The meeting terminated at 8.00 pm

This page is intentionally left blank

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE**

16 May 2018

WORKFORCE STRATEGY 2018-21

Reason for the Report

1. To provide the Committee with an opportunity for policy development scrutiny of the Council's Workforce Strategy 2018-21.

Background

2. The Committees Terms of Reference include responsibility for scrutiny of the implementation of the Council's human resources policies.
3. The draft Workforce Strategy will be an overarching 3-year strategy, which will then have annual action plans developed from it. The Strategy is programmed for consideration by the Cabinet in June 2018, and is currently in the planning and consultation stage, under development.
4. In July 2017, the Cabinet agreed 'Capital Ambition' – a wide-ranging programme of commitments for Cardiff covering the spectrum of Council services, which includes a number of proposals that involve changing and/or improving the way in which the Council delivers services to citizens and communities. The programme outlined a programme of action to continue to drive the city economy forward, whilst ensuring that all residents feel the benefits of success. It focusses on four main areas:
 - Working for Cardiff: *Making sure all citizens can contribute to, and benefit from, the city's success.*

- *Working for Wales: A successful Wales needs a successful capital city.*
 - *Working for the Future: Managing the city's growth in a sustainable way.*
 - *Working for Public Services: Making sure public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets.*
5. To support the aims and deliver the objectives of the Capital Ambition programme requires the Council to have the right people, with the right skills, in the right place, at the right time and at the right cost.
 6. Furthermore, in order to retain a talented workforce it is important that employees want to work for the Council, and feel that they are valued and supported as individuals, in accordance with the Council's values.

Issues

7. Traditional models of public service delivery are being challenged in the context of modernisation, austerity and increasing demand for services. Therefore, the Council has been required to explore alternative ways of providing services. This change agenda will have significant implications for the workforce, and the Council will consequently need to support the development of different leadership qualities and skills across the workforce.
8. Developing a Workforce Strategy is the appropriate way for the Council to forward plan for new skills and leadership qualities.
9. The Workforce Strategy will set out the key priorities to create a culture that supports high performance and enables a flexible, skilled, engaged and diverse workforce. It will need to build upon the previous workforce strategy by both taking some of the activities identified in that strategy to the next stage and identifying new activities.
10. The Workforce Strategy will need to be shaped with the aims and priorities of the Capital Ambition in mind and set out the commitment to strengthen the link between business, financial and workforce planning, particularly through the current period of financial challenge and organisational change.

11. Creating purpose in a fast changing environment whilst motivating employees through change has become essential for many roles. Outperforming organisations foster leadership skills at every level of the organisation to deliver outstanding results. These leadership skills include:

- a. Providing a line of sight by making the Council's objectives clear at all levels, and inspiring and motivating people to deliver against those objectives;
- b. Being trusted by people and acting in line with the Council's values and Employee Charter at all times, including having the courage and support to challenge inconsistent behaviours; and,
- c. Empowering and involving people through a culture of trust and ownership where people feel empowered to make decisions and act on them.

12. Some of the emerging issues which have been identified in relation to delivery of the Capital Ambition include:

- a. The need for increased and relevant skills development.
- b. The need to utilise, nurture and develop talent across the organization, to support the requirements of the Capital Ambition.
- c. The provision of support for the health and wellbeing of employees.
- d. The need for a more diverse workforce reflecting the diversity of the community the Council serves.
- e. The importance of partnership working with the trade unions.
- f. The need to remain engaged with our workforce in order to provide mechanisms that enable two-way communication channels.

13. The key priorities on which the strategy will focus are:

- i. **Equalities and Diversity** – a recognition that significant action needs to be taken in order to ensure that the Council's workforce is more reflective of its communities and that no groups are restricted from applying to or working for the Council

- ii. **Workforce Planning** – a process for identifying and addressing the gaps between the workforce of today and the human resources needs of tomorrow
- iii. **Learning and Development** – improving the skills of our workforce in order to meet the needs and expectations of our customers and the changing requirements of the Council
- iv. **Engagement of Employees and Trade Unions** – creating a positive and enabling culture to ensure that employees are listened to and that positive relationships are maintained through partnership working with the Trade Unions
- v. **Health and Wellbeing** – embedding the health and wellbeing approach adopted by the Council and ensuring that it is maintained.

14. The Workforce Strategy 2018-21 will set out the corporate and cross cutting actions to ensure that the Council meets future workforce needs. The implementation of the Workforce Strategy will ensure the Council can unlock the full potential of its current and future workforce.

15. Attached at **Appendix A** is the Workforce Planning Toolkit, issued to support directorates in addressing workforce planning. It suggests that directorates hold a workshop to analyse existing workforce knowledge skills and abilities, identify requirements in the short and medium term, then identify the gaps, potential risks, training needs and resourcing issues. At the end of the toolkit is an example of a completed action plan (p14-16)

Scope of the Scrutiny

15. The Human Resources/People Services directorate is in the process of preparing and consulting on the Workforce Strategy. As indicated above the plan is to take the final draft proposals to Cabinet in June 2018.

16. At this point in time, the Strategy is under development and the Committee is therefore being offered an early policy development scrutiny opportunity, to

consider and discuss the strategy, and the key priorities on which it will be founded.

17. Members are invited to offer their comments and observations to inform the workforce strategy. Any comments and observations Members agree to capture in a letter during the Committees discussion of this item at the Way Forward, will be appended to the Cabinet report.

Way Forward

18. To support this policy development scrutiny, in attendance will be Councillor Chris Weaver, Cabinet Member Finance, Modernisation and Performance; Philip Lenz, Chief Human Resources Officer, and Tracey Thomas, HR People Partner. Members will receive a full presentation of the workforce strategy proposals at the meeting.

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.

Recommendation

21. The Committee is recommended to:

- i) Consider the proposals and presentation developed to date; and
- ii) Consider whether it wishes to offer comments, observations, or recommendations to inform the consultation on the Workforce Strategy 2018-21, prior to the final draft planned for Cabinet consideration in June 2018.

DAVINA FIORE

Director of Governance and Legal Services

10 May 2018

CARDIFF COUNCIL WORKFORCE PLANNING TOOLKIT



INDEX

Introduction Pages 3 & 4

Why Undertake Workforce Planning Pages 5 & 6

Benefits of Workforce Planning Page 7

Council Wide Considerations Page 8

Workforce Planning Discussion Points Page 9

Action Plans Page 10

Suggested way Forward..... Pages 11-13

Example of Completed Action Plan Pages 14-16

modernisation, austerity and demand and alternative ways of providing services are being explored.

Workforce Planning is one of the key priorities within the workforce strategy which will enable the organisation to identify and understand the internal and external forces that impact on the organisation. Directorates need to determine their workforce needs to ensure that the Council has the right people with the right skills in the right place at the right time and at the right cost.

A continuing challenge for the Council and a priority for the Capital Ambition is the need to ensure that its workforce reflects the wider communities across Cardiff. This will ensure the continuing accessibility and quality of our services. In addition, as the current workforce is an ageing workforce, we need to increase employment opportunities for young people by promoting the council as a potential employer for school and college and university leavers setting out on their careers.

This workforce planning process aligns with the council's business and financial plans and helps service areas to evaluate their current workforce, ascertain their future requirements and assess the availability of resources. Service areas will then be in a position to develop their action plans to draw the information together in order to help them to bridge any gaps.

This Workforce Planning toolkit has been developed by the Workforce Planning Project Group in conjunction with Trade Unions and has been piloted within some of the Directorates represented on the group. It has been specifically designed as a practical guide to assist directorates with workforce planning.

It begins with setting out the rationale for workforce planning and the Council wide considerations that need to be addressed. It then provides some discussion points to help focus the work at both a directorate and team level and contains a suggested way forward to help Directorates start the process. There is also an example of a completed Action Plan as a guide for Directorates in developing their plans.

Your HR People Partner and the HR Organisational Development Team will be supporting you throughout this process.

Why Undertake Workforce Planning

Workforce Planning enables the organisation to align the needs and priorities of the organisation with those of its workforce to ensure it can meet its legislative, regulatory and service requirements and organisational objectives and priorities, including financial plans.

It is about deciding how many and what types of workers are required to ensure the right people with the right skills are in the right place at the right time and right cost.

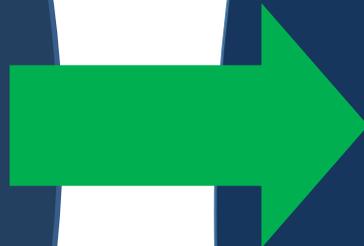
It enables us to build capacity and capability within the workforce to meet future short term, medium term and long-term requirements.

- **STRATEGIC** – Director/Assistant Director led, looks ahead and plans for **long term** sustainability; includes Succession Planning and Scenario Planning

- **OPERATIONAL** – Service Manager led, focusses on service demand and supply and plans for the **medium term**

- **MANAGERIAL** – Line Manager led, plans for the **short term** and has a tactical focus dealing with immediate risks and issues

**Workforce
Planning**



RIGHT PEOPLE with the
RIGHT SKILLS in the
RIGHT PLACE at the
RIGHT TIME at the
RIGHT COST



The benefits of having a detailed workforce plan include:



Council Wide Considerations and Discussion Points

The **Workforce Planning** process starts with an 'informed discussion' taking place with the Chief Executive and the Senior Management Team based upon the direction set out by the Cabinet in the **Capital Ambition**. The focus of the discussion is on the workforce, its strengths and weaknesses, and how the Council will develop and utilise that workforce to deliver on the **Capital Ambition**. This discussion forms part of the **Business Planning** process and provides the foundations for the workforce plans. It enables the Council to avoid the pitfalls of short-term, quick fix thinking and helps to highlight the Internal and External context for the Council.

CURRENT STATE

What is the Council's **VISION** and its **PRIORITIES** to meet the **Capital Ambition** – including the purpose of the Council, who it serves and what are the areas of strength & weakness and what are the views of stakeholders.

What **SKILLS & KNOWLEDGE** do we currently hold? - Where are our strengths? Where are our weaknesses? What is the current diversity of our organisation? How well do we work within directorates and across the different directorates?

FUTURE REQUIREMENTS

What **KIND of COUNCIL** are we becoming? - What is the vision set out in the **Capital Ambition** for the Council in terms of its role in service delivery? What values will be central to this vision?

What **PEOPLE, SKILLS and WORK PATTERNS** will we need? - How will our demand for people be changing in terms of both numbers and skills? What kind of work patterns will best meet our service needs?

IDENTIFY THE GAP

How will we **SUPPLY the WORKFORCE** needed to deliver the **Capital Ambition**? – Is the workforce out there to meet our changing needs and those of our delivery partners? How will they be attracted, retained and developed to deliver and support services?

What will we **COMMIT to do for our workforce and what do we EXPECT** from them? – How do we expect employees and everyone connected with the Council to behave? How does the workforce need to change and develop to enable the organization to deliver the **Capital Ambition**?

How will we **LEAD and MANAGE** ourselves through change? - What will our managers need to do? Do they have the capability to do it? Do we have a clear approach to **managing change** and the resources to implement it?

Directorate Workforce Planning Discussion Points

Current State

Analyse your current workforce assessing their knowledge and skills and their ability to deliver new and improved services now and in the future.

Discussion Points

What Knowledge, skills and capabilities currently exist?

What roles and capabilities are most critical?

How do you plan to fill these roles?

What workforce does your medium term financial plan allow for?

Future Requirements

Consider the future Workforce Requirements in the:

Short term (managerial 12-18 months)

Medium term (operational 18months – 3 yrs)

Long term (strategic 3yrs +)

Discussion Points

Are there any knowledge and skills gaps?

What are the most important skills and capabilities needed going forward? e.g. Welsh Language, Digital Skills

What new skills will be required going forward? e.g. Digital Skills

What are your critical people issues? e.g. Recruitment & Retention, Succession Planning

How will you develop staff going forward? e.g. Apprenticeships & Traineeships

Can the external employment market provide necessary resource with appropriate skills, knowledge and qualifications?

What is the GAP

Once the Organisation has an understanding of the current workforce, we can identify what the workforce needs to look like to deliver future services.

Discussion Points

Does your current structure support your service delivery objectives?

Does your current establishment support your objectives?

Any risks e.g. staff shortages, surpluses, PI targets, competency gaps and succession planning, etc.

Does your workforce plan reflect the diversity of the communities we serve as set out in the Capital Ambition?

Action Plan

A workforce plan that includes the organisation wide development requirements critical to driving and delivering future service delivery and business needs



Suggested Way Forward

This guide can be adapted as necessary within your Directorate.

The main stages that need to take place are:

- Analysis of your existing workforce to identify their knowledge, skills, abilities and areas of expertise
- Identification of Directorate workforce requirements going forward. Focus on the next year (which we refer to as the short term) and further ahead over the next few years (which we refer to as the medium term)
- Identification of the gaps and potential risks, training needs, resourcing requirements including any issues etc.

Hold a Workshop including the Director, Senior Managers and Service Managers and your HR People Partner and a member of the HR Organisational Development Team. Outline the context that you are currently working in and provide a high-level overview. Decide how you are going to analyse the existing workforce, identify knowledge, skills, abilities etc. and the timescales for completion. Agree a date for the second Workshop, which allows enough time for managers to work with their teams. However, too much of a gap can result in a loss of momentum.



At the second Workshop, you may want to include any additional managers and officers who need to feed into your discussions and inform your Action Plan. Go through the feedback – this will then inform your Action Plan.



Note : Remember you can use the prompts on Page 9 of the toolkit to help you in your discussions.

You now need to create your Directorate Action Plan. To help you focus your plans, here are the key Priority Areas that need to be addressed:

- ❖ RECRUITMENT
- ❖ TRAINING & DEVELOPMENT
- ❖ RETENTION
- ❖ RESOURCING STRATEGIES
- ❖ STAFF CONSULTATION & ENGAGEMENT

Please contact your HR People Partner or a member of the HR Organisational Development Team with any queries or questions that you may have at any time.



Please see the following example of a completed Action Plan as a guide to assist you in developing your Action Plans

ACTION	HOW	REVIEW DATE	RESPONSIBLE OFFICER/S	PROGRESS UPDATES
<p>RECRUITMENT</p> <ul style="list-style-type: none"> ❖ Commence a recruitment campaign for specific vacancies, trades and professions to run throughout the summer ❖ Attend Job Fayres quarterly to promote the Council and Directorate jobs and specific vacancies 	<ul style="list-style-type: none"> ❖ A targeted Recruitment campaign promoting Council and specific vacancies e.g. Social Workers, Trades etc. ❖ Managers across the Directorate to attend Job Fayres to promote the Council and raise awareness of roles within the directorate 	<p>Autumn 2018</p> <p>Monthly</p>	<p>Directorate Managers</p> <p>Directorate Managers</p>	<p>Directorate Management Team</p> <p>Directorate Management Team</p>
<p>TRAINING & DEVELOPMENT</p> <ul style="list-style-type: none"> ❖ Undertake a skills audit across the Directorate by end of QTR 1 ❖ Design a mentoring programme across the Directorate by end of QTR 1 for roll out of a pilot in QTR 2/3 ❖ Arrange for all staff to attend and complete Digital Skills training by the end of QTR 2 	<ul style="list-style-type: none"> ❖ Managers to work with teams to identify their skills ❖ Work with People Partner and Cardiff Academy to develop a pilot programme ❖ All staff to book on training 	<p>End of May</p> <p>End of May</p> <p>End of August</p>	<p>Directorate Mangers and Team Leaders</p> <p>Directorate Management Team</p> <p>Team Leaders</p>	<p>Directorate Management Team</p> <p>Directorate Management Team & People Partner</p> <p>Directorate Management Team</p>

<p>RETENTION</p> <ul style="list-style-type: none"> ❖ Promote Post Entry Training opportunities at all team meetings throughout the year ❖ Review Directorate employee exit data on a quarterly basis to understand reasons for turnover – use this information to inform resourcing strategies and employee engagement activity ❖ Analyse Employee Survey responses to inform retention strategies for the Directorate 	<ul style="list-style-type: none"> ❖ Managers to actively promote training and encourage staff to identify appropriate courses ❖ DMT to look at this data and hold series of working group sessions with Team Leaders etc. to take this forward ❖ DMT to look at this to start discussion and then progress with Team Leaders 	<p>Quarterly</p> <p>Quarterly</p> <p>By-monthly</p>	<p>Managers and Team Leaders</p> <p>DMT, Managers and Team Leaders</p> <p>DMT, Managers and Team Leaders</p>	<p>Directorate Management Team</p> <p>Directorate Management Team & People Partner</p> <p>Directorate Management Team & People Partner</p>
<p>RESOURCING STRATEGIES</p> <ul style="list-style-type: none"> ❖ Work with Universities, Colleges and Schools throughout the year to promote the Council and Directorate specific jobs, roles and professions ❖ Arrange visits to specific groups to raise awareness of the Directorate and the Council ❖ Work with professional bodies to raise the profile and promote the Council as an employer of choice 	<ul style="list-style-type: none"> ❖ DMT and Team Leaders to develop programme in conjunction with ❖ DMT to identify a Lead Officer to take forward ❖ DMT to identify a Lead Officer to take forward 	<p>Quarterly</p> <p>End of June</p> <p>End of June</p>	<p>Team Leaders</p> <p>DMT</p> <p>DMT</p>	<p>Directorate Management Team</p> <p>Directorate Management Team</p> <p>Directorate Management Team</p>

STAFF CONSULTATION & ENGAGEMENT				
<ul style="list-style-type: none"> ❖ Review the results from the Employee Survey and share across the Directorate through Team Brief and hold follow up sessions to go through the results and seek employee views and input to address issues 	<ul style="list-style-type: none"> ❖ Team Leaders to cascade results through team briefings and DMT to hold Directorate wide workshops with managers and Ambassadors facilitating table discussions 	<p>Following publication of results and the cascade of results through team meetings</p>	<p>DMT, Managers and Team Leaders</p>	<p>Directorate Management Team</p>
<ul style="list-style-type: none"> ❖ Develop Directorate Ambassadors to act as an informal consultation group e.g. Hold monthly meetings with Directorate Ambassadors to inform and agree a programme of engagement activity for the year 	<ul style="list-style-type: none"> ❖ Director to meet with Ambassadors to open discussions and then wider DMT to meet with Ambassadors to enable wider discussions and inform the programme going forward 	<p>Quarterly</p>	<p>DMT</p>	<p>Directorate Management Team and Update to SMT</p>
<ul style="list-style-type: none"> ❖ Hold 2 Directorate-wide engagement events per annum 	<ul style="list-style-type: none"> ❖ Managers and Team Leaders to work with DMT to hold these events 	<p>Quarterly</p>	<p>Managers and Team Leaders</p>	<p>Directorate Management Team & People Partner</p>
<ul style="list-style-type: none"> ❖ Promote and support all Corporate Health & Wellbeing initiatives 	<ul style="list-style-type: none"> ❖ All Managers and Team Leaders to raise awareness within their teams 	<p>In accordance with H&W annual events calendar</p>	<p>DMT, Managers and Team Leaders</p>	<p>Directorate Management Team</p>

This page is intentionally left blank

CYNGOR CAERDYDD

CARDIFF COUNCIL

POLICY REVIEW AND PERFORMANCE

SCRUTINY COMMITTEE

16 May 2018

Central Transport Services – Commercial Development

Summary of Issues & Proposed Recommendations

Reason for the Report

1. To offer Members an opportunity for policy development scrutiny and a progress report on the Council's draft proposals to develop its Central Transport Services commercially.

Background

2. The Council's Central Transport Service (CTS) is responsible for the management and maintenance of the Council's corporate fleet vehicles, to provide the necessary vehicle support to enable all directorates within the Council to deliver effective and responsive services.
3. Also included as part of the Fleet Service provision is the fabrication service. Both the fleet workshop and the fabrication workshop have the objective of increasing income.
4. On 14 June 2018 the Cabinet will consider a summary of the issues faced by the two services, and an outline of the approach proposed to increase income for these areas.
5. The report programmed for June Cabinet has been assessed as amber status for consideration by scrutiny. As such, the Committee has been offered an outline briefing and a full presentation on the position to date, to

facilitate consultation with non-executive members, giving Members an opportunity for discussion and comment.

Context

6. The Committee has an ongoing interest in the Infrastructure Business Model that commenced in July 2015, when it undertook a joint scrutiny inquiry together with the Environmental Scrutiny Committee, to examine an **Infrastructure Business Model and Alternative Delivery Options**. At that time, the Central Transport Service was identified as a service open to an alternative delivery mechanism.
7. In May 2016, the Committee had an opportunity to scrutinise Cabinet proposals outlining the Full Business Case for introducing the Infrastructure Services Alternative Delivery Model.
8. From the outset the objectives of the Infrastructure Services Alternative Delivery Model project have been to:
 - Reduce operating costs;
 - Improve outcomes to address current performance weaknesses;
 - Improve customer satisfaction, demand management and reduce failure demand, to more effectively address the increasing demand for services;
 - Develop effective partnership and collaborative working, where appropriate; and
 - Optimisation of income generation to support core funded services.
9. The outcome of Cabinet's consideration in June 2016 was agreement to establish Commercial and Collaboration Services, consisting of Recycling Waste Management Services: Commercial Waste Collections, Domestic Waste Collections, Recycling, Waste Treatment and Disposal (recycling facilities, transfer stations and HWRC, depots); **Fleet Services: Central Transport Service and Fleet Management**; Total Facilities Management: Hard Facilities Management (Building Maintenance), Soft Facilities Management, (Cleaning, Security and Building Management) and Pest

Control; and Projects, Design & Development (PD&D).

10. The CTS Delivery Plan for 2017-18 contains the following Key Objectives:

- Commence the use of *Tranman FMIT* – a fleet management software system
- Improve service delivery to internal users
- Continue to grow external income through Vehicle Workshops and Fabrication (target increase in net income - £75k)
- Accelerate vehicle utilisation project
- Insource services which are currently outsourced where possible, e.g. Vehicle wash

Previous Scrutiny

11. The Committee last received a progress update on Commercial and Collaboration services in January 2017, when Members felt that in a relatively short period of time significant improvements had been achieved in Fleet Services, in particular the Committee:

- welcomed the implementation of the Civic Tranman fleet management software; considering this system would be a vast improvement to the card and spreadsheet systems previously used. Members were confident that it would create significantly better financial control across the service, having long viewed the introduction of such a system as vital, and have previously identified it as a critical element in improving service standards.
- was very pleased at the progress made in terms of balancing the budget. At the time of the meeting, the service was confident of achieving a balanced budget by the end of the financial year 2016/17, a significant improvement when compared to previous years, suggesting that huge improvements had been made in a relatively short period.
- was pleased to see that the vehicle utilisation programme had already started to deliver savings against a two-year savings target of £400,000, and that gaining a better understanding of how Council

vehicles are actually utilised had meant that the service has been able to reduce the Council fleet by 23 vehicles – a positive step forward in terms of both savings and effective resource management.

- welcomed the introduction of zero-based budgeting and a cost pricing model into Fleet Services. This approach had been advocated by the Committees earlier scrutiny of the Infrastructure Services project. The approach ensures a better understanding of costs, which is essential for driving commercial improvements. Members encourage the roll out of this approach out to the other parts of the Commercial & Collaborative Service as a priority.
- considered it was clear that much work had taken place to identify the actual capacity and capability of the service – Members believed that this had been an important step. For example, gaining a better understanding how much of the workshop was actually used had created new income generation and partnership opportunities which the Council had previously not realised existed. This was a really positive step meaning that in future the service would be better placed to “sweat our assets”.
- was pleased to see that the efficiency improvements were helping to create new income opportunities for the service. The Committee looked forward to seeing these opportunities being translated into actual income through activities like additional MOT’s, servicing vehicles for third parties, and leasing out workshop space to other public sector partners.

12. The Committee congratulated the Commercial & Collaboration Service for the progress made in a relatively short time. Members were reassured that the service had agreed with and followed through on a number of key recommendations from recent scrutiny of the Infrastructure Services Project, for example, delivering swift improvement, implementing specialist third party service delivery software, introducing new training opportunities,

focusing on income generation and improving financial control through zero based budgeting.

Way Forward

13. Attending the meeting for this item will be Councillor Russell Goodway, Cabinet Member Investment and Development, and senior officers, who will take the Committee through a presentation of outline proposals going forward, Neil Hanratty, Director of Economic Development and Tara King, Assistant Director Commercial and Collaboration.
14. Members may wish to consider the presentation and discussion of issues raised at the Committee, and raise any matters for clarification to inform the final draft Cabinet report.

Legal Implications

15. 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 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 of 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

16. 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:

1. Consider the outline proposals and progress for Cardiff Transport Services presented at Committee.
2. Consider whether it wishes to refer its comments and observations to inform the final draft report to Cabinet in June 2018.

DAVINA FIORE

Director of Governance and Legal Services

10 May 2018

CYNGOR CAERDYDD

CARDIFF COUNCIL

POLICY REVIEW AND PERFORMANCE

SCRUTINY COMMITTEE

16 May 2018

Managing the Estate under a Corporate Landlord Model

Reason for the Report

1. To present Members with an opportunity to consider the final draft report of the Committee's inquiry into Managing the Estate under a Corporate Landlord Model.

Background

2. As part of its 2017/18 work programme, at its meeting on the 20th September 2018, the Committee agreed to undertake a review of how the Council will manage its estate under a Corporate Landlord Model.
3. The terms of reference for the inquiry were agreed as follows:
 - To examine Cardiff Council's proposal to adopt a Corporate Landlord model and ascertain the benefits for residents, community groups, and the organisation by:
 - Establishing the reasons for introducing the model.
 - Identifying the scale of benefits for community organisations in terms of access to facilities
 - Identifying the scale of benefits for the Council in terms of capital and revenue budgets.
 - To identify the key challenges overcome by other Local Authorities who have adopted the Corporate Landlord model.
 - To report the task group findings to the Cabinet and stakeholders.

4. Members of the Task & Finish group were:

Councillor Joe Boyle (Chair)

Councillor Norma Mackie

Councillor Rod McKerlich

Councillor Jim Murphy

5. The Task & Finish Group received evidence from a wide range of internal and external witnesses as follows.

Internal Witnesses

Councillor Russell Goodway, Cabinet Member for Investment and Development

Councillor Sarah Merry, Cabinet Member for Education, Employment & Skills

Nick Batchelar, Director of Education & Lifelong Learning

Neil Hanratty, Director of Economic Development

Tara King, Assistant Director for Commercial and Collaboration

David Lowe, OM Commercial and Collaboration Services

Donna Jones, Health & Safety Manager

Helen Thomas, Strategic Estates Manager

External Witnesses

Richard Baker, Head of Estates and Professional Services, Welsh Government

Tony Bamford, Interim Head of Asset Management, Bristol City Council

Josh Dunn, Services Manager, "People Too" business consultancy

Way Forward

6. Attached at **Appendix A** is the final draft report of the task group.

Members are particularly referred to the Key Findings (*pages 6-11*) and the 7 Recommendations (*pages 12-13*). These are based on the evidence heard throughout the Task & Finish Group Inquiry.

7. Members may wish to consider the report, raise any matters for clarification with the task group, and agree whether to approve the report and refer it for consideration by the Cabinet.

Legal Implications

8. 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 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 of 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

9. 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:

1. Consider the Managing the Estate under a Corporate Landlord Model report of the Task and Finish Group.
2. Agree the report, subject to any comments the Committee wishes to make, and agree that it is forwarded for consideration by the Cabinet at the earliest opportunity.

DAVINA FIORE

Director of Governance and Legal Services

10 May 2018



Craffu - Ymgysylltu heddiw, Llunio yfory - Scrutiny - Engaging today, Shaping tomorrow

An inquiry report of the:
Policy Review & Performance Scrutiny Committee

**Managing the Estate under a
Corporate Landlord Model**

May 2018



Cardiff Council

CONTENTS

CONTENTS	2
CHAIR'S FOREWORD.....	3
TERMS OF REFERENCE	5
KEY FINDINGS	6
RECOMMENDATIONS	12
CONTEXT	14
KEY EVIDENCE	16
INQUIRY METHODOLOGY	33
BIBLIOGRAPHY	35
LEGAL IMPLICATIONS	36
POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE.....	37
PRAP TERMS OF REFERENCE	38
APPENDIX 1:	1
APPENDIX 2:	8



CHAIR'S FOREWORD

The Council is implementing a Corporate Landlord model in order to bring efficiency to the way it manages its estate, much of which is old, under-used, in need of maintenance and a drain on resources.

The phrase, "Corporate Landlord", is now common in many of the internal discussions within the Council. Understanding of what the phrase means and what the model's implications are is, however, less common.

There is a risk that the move to the Corporate Landlord model will fail if the Council, in its entirety, does not have an agreed and shared understanding of the model's role and operation.

At the outset of our inquiry, therefore, it was crucial for this Task Group to establish a clear understanding of what is meant by the term 'Corporate Landlord'. The clearest definition we found was contained within a Welsh Government report on the Cwm Taf Pilot Study, a regional asset management project based on collaboration between the PSB members:

"The Corporate Landlord model centralises all estate related budgets, decision making and activities within a central team – the Corporate Landlord. Service departments become tenants of the Corporate Landlord. The service department has to make a case for the property that they wish to deliver a service from, which allows for the Corporate Landlord to offer sufficient space – and no more space than is required – for these functions."

The expert witnesses who gave evidence to the Task Group all endorsed this definition contained in the Welsh Government report and a recurring theme emerged during conversations with them. If we want to run the Council's non-residential estate successfully from the centre, under a Corporate Landlord model, then there must be complete corporate acceptance of this principle from all service directorates at the outset. This will require strong political and corporate leadership to drive the implementation of the model and explain the benefits of managing the estate in this way.

When considering something as intrinsic as the asset management strategy for a large corporate estate, a vast number of recommendations could soon be reached. This risked diluting what the Task Group felt are key messages. For this reason, as Chair of the Task Group, I wanted our recommendations to be concise. They are based around three broad themes which are: **securing corporate buy-in for the model, policies and processes connected to implementation and benefits of successful implementation of the model.**

I would like to thank my fellow task group Members, Councillor Norma Mackie and Councillor Rod McKerlich, for their hard work and willingness to think creatively to assess and find solutions. Unfortunately, due to serious illness Councillor Jim Murphy was unable to attend our meetings but we are delighted to see he is now in better health and offer our best hopes for a continued recovery. Special thanks are also due to our Principal Scrutiny Support Officer, Mark Jacques, who ensured we had access to timely, relevant and quality information to enable us to successfully undertake our Inquiry.

How the Task Group decided on the themes above and reached the resulting recommendations are contained within this report.



Councillor Joe Boyle
Task Group Chair

TERMS OF REFERENCE

1. At its meeting on the 20th September 2017 as part of its 2017/18 work programme the Policy Review & Performance Scrutiny Committee agreed the terms of reference for an inquiry into the Council's approach to managing the estate under a Corporate Landlord model. The Terms of Reference were agreed as follows:

To examine Cardiff Council's proposal to adopt a Corporate Landlord model and ascertain the benefits for residents, community groups, and the organisation by:

- Establishing the reasons for introducing the model
- Identifying the scale of benefits for community organisations in terms of access to facilities
- Identifying the scale of benefits for the Council in terms of capital and revenue budgets
- To identify the key challenges overcome by other Local Authorities who have adopted the Corporate Landlord model

2. The outputs/outcomes from this investigation were to be:

- To produce a report that: uses the evidence gathered to make recommendations to the Cabinet for managing the estate under a Corporate Landlord model.

3. The Committee agreed that the Membership of the task & finish group would comprise:

Councillor Joe Boyle (Chair)

Councillor Norma Mackie

Councillor Rod McKerlich

Councillor Jim Murphy

KEY FINDINGS

The evidence presented to this inquiry falls into three high level themes: the importance of **securing corporate buy-in for the model**; the **policies and processes** that form a firm foundation for implementing the model; and the **benefits of successful implementation** of the model. Each key finding agreed by the Task Group is illustrated with a supporting example from the evidence received. Further evidence can be found in the Key Evidence section later in the report.

Securing corporate buy-in for the model

KF1. It is essential to secure Corporate “buy-in” to the key principle that all Corporate Assets should be managed centrally.

“There has to be total “buy-in” to the process from all service areas as a partial Corporate Landlord Model won’t work.” **Josh Dunn (People Too)**

“The Corporate Landlord model centralises all estate related budgets, decision making and activities within a central team – the Corporate Landlord. Service departments become tenants of the Corporate Landlord. The service department has to make a case for the property that they wish to deliver a service from, which allows for the Corporate Landlord to offer sufficient space – and no more space than is required – for these functions.” **Welsh Government Report. A Regional Approach to Collaboration: Cwm Taf Pilot Study – Final Report.**

KF2. It is essential that all senior managers and decision-makers lead the cultural shift to a model whereby the Council’s whole estate is centrally managed.

“Ensure senior decision makers within an organisation support the process and the team that are set to deliver it. I have no insight as to how the Council currently operate but taking control of assets into the centre will meet barriers. An unequivocal statement of intent from the top will support that drive for change.” **Richard Baker, Head of Estates & Professional Services at the Welsh Government.**

KF3. Political ownership of Corporate Asset Management should sit within a single cabinet portfolio.

“An unequivocal statement of intent from the top will support that drive for change.” **Richard Baker, Head of Estates & Professional Services at the Welsh Government.**

Policies and Processes connected to implementation

KF4. There is some senior management confusion about how the Corporate Landlord model will work, and how its introduction will impact on individual service areas.

Members heard from the Director of Education and Lifelong Learning that currently there is a poor understanding of management responsibilities and that greater clarity of roles is required in terms of the maintenance of the Corporate Estate. The Director raised concerns about the role of the Education Department as a commissioner of work? And what is the role of Facilities Management? He illustrated this by giving the example of contractors arriving at a school unannounced to undertake work at inconvenient times. **Meeting 3**

The Director of Education and Lifelong Learning advised Members it was his understanding that the Corporate Landlord Model is a set of principles and relationships across the whole Council, rather than the responsibility of an individual department. **Meeting 3**

KF5. The management of property budgets and opportunities for savings from effective running of the corporate estate should be identified through a business case approach to determine whether an asset should be retained, remodelled or released.

“The principal point to establish and make abundantly clear is the council is the legal owner of its assets and therefore all assets are vested in the corporate body. This means the control of budgets has to be aligned to this approach. This can be dealt with incrementally but most simply as a single issue. Establishing an effective and healthy relationship between the centre and services is an ongoing process that must be maintained. Corporate and member buy in is important and the opportunities for savings can be identified through

a business case approach.” **Tony Bamford, Interim Head of Asset Management, Bristol City Council.**

KF6. Maintenance backlog issues can arise in the absence of an ongoing management programme of preventative maintenance of assets.

The Services Manager at People Too gave an example of the importance of preventative maintenance. In 2008 Bridgend Council decided not to replace tiles on the roof of a pavilion at a cost of £500 but eventually had to pay £25,000 when the building needed a new roof.

Meeting 2

“There will be challenges not least from upfront costs so organisations need to be prepared to invest to eventually see a return. Have a budget set aside or risk the process not being delivered. However, improvements depend very much on where the organisation starts from (what is the current model) it will be important to establish and clearly manage expectations.” **Richard Baker, Head of Estates & Professional Services at the Welsh Government.**

Cardiff Council had received warnings from Constructing Excellence in Wales about the way the Schools Estate in Cardiff was maintained. **Meeting 3**

KF7. It is important there are clear and robust Service Level Agreements / Landlord – Occupancy Agreements. This is especially the case in schools, where the element of delegated budgets can create confusion about precisely who is responsible for maintaining the estate.

People Too business consultancy outlined the importance of having a standard mandatory agreement that made roles and responsibilities clear for all parties. The Services Manager explained that in Bridgend three options were available in terms of maintenance under the Landlord and Occupancy Agreements. These ranged from just offering advice on maintenance issues to an all-inclusive package that proved attractive to service areas because the annual fee was a reduction on what they currently paid. This reduction was the

result of better ways of working under a centralised approach to managing the estate.

Meeting 2

The Cabinet Member for Education, Employment & Skills told the inquiry that as part of the process to assess maintenance priorities a matrix scoring system had been developed for school buildings. There are four categories used to define the condition of these buildings.

These are:

- A. Performing as intended and operating efficiently;
- B. Performing as intended but exhibiting minor deterioration;
- C. Exhibiting major defects and not operating as intended;
- D. Life expired and risk of imminent failure

Meeting 3

KF8. Comprehensive data is fundamental to a successful Corporate Landlord Model. Sophisticated gathering and analysis of information such as financial data, condition survey results and the outcomes generated by KPIs will improve the quality of decision-making.

Data ownership and management was identified as a key role and function under the heading Strategic Asset Management and Investment, during a presentation given by the “People Too” business consultancy. **Meeting 2**

Data is a key asset and must be developed, maintained and managed as such. It must be reliable and useable for regular, consistent and trustworthy reporting in which services and members can build confidence. In the long term this will allow the Council to improve performance. **Meeting 2**

“Take a Wales wide view to management of our portfolios, understanding the whole-life costs of properties and where possible setting performance requirements for the operational and investment portfolios.” **One of the guiding principles in the Welsh Government’s Corporate Asset Management Strategy 2016 – 2021**

KF9. A Corporate Landlord model requires a clear staffing structure and lines of communication to ensure clarity of the decision making process.

The business consultancy “People Too” advocated a structure of three divisions under the Assistant Director (Corporate Landlord) position. These were:

- i. Total Facilities Management
- ii. Strategic Asset Management and Investment
- iii. Capital Projects

A Compliance/ Health & Safety Unit was positioned alongside the Assistant Director (Corporate Landlord). Total Facilities Management would cover such areas as reactive and planned maintenance and cleaning, Strategic Asset Management and Investment areas such as asset ownership and data management and Capital Projects would be responsible for functions like technical design and expertise procurement. **“People Too” presentation (Meeting 2).**

Benefits of successful implementation of the model

KF10. Some service departments are not getting good value for money when purchasing regularly used materials, because of a lack of Council-wide consistency in engaging with the procurement process.

*“Building Services Materials Framework Summary.” The majority of purchases made by Building Services from the supplier Travis Perkins were ‘off contract’. So outside the framework agreement made between the Commercial and Procurement team and Travis Perkins. **Written submission from ‘People Too’***

KF11. The principle of co-locating with other public service partners is a good one and should be factored into future decisions about the Corporate Estate.

This principle was identified as an example of best-practice in the **Welsh Government Report. A Regional Approach to Collaboration: Cwm Taf Pilot Study – Final Report.**

“I am the lead WG official with responsibility for the NAWG (National Assets Working Group) and the principal role of the Group is to enable and influence collaborative asset management across public sector organisations to release efficiency savings, developing

tools to enable and readily facilitate this collaboration to take place. As the public sector estate is estimated at around £12bn (WAO) the opportunities to be realised are significant.”

“The ongoing challenging financial climate for public services in Wales, as a result of the UK Government’s policy of austerity, means we must innovate and work together and smarter to deliver excellent public services for people in Wales. It is essential that public services work collaboratively to tackle pressures and achieve value for money from all available resources.” **Richard Baker, Head of Estates & Professional Services at the Welsh Government.**

DRAFT

RECOMMENDATIONS

The Committee has identified areas that merit consideration in taking review activity to the next level, and particularly wish to draw the Cabinet's attention to the following recommendations. Each recommendation is supported by the associated key finding listed earlier in this report.

The Task Group recommends that:

R1. Cabinet agrees, within three months of the Assistant Director (Corporate Landlord) taking up post, a clear statement of its vision for the Corporate Landlord model in order to counter contradictory interpretations. The statement, based on ensuring that there is complete corporate "buy-in" for the model if it is to be successful, should be a key component of future Corporate Land and Asset Management Plans and must give an unambiguous message that the Corporate Landlord model is fundamental to the future operation of the Council. **(KF1 & KF2)**

R2. The Council Leader must ensure that political responsibility for the Corporate Landlord sits within a single Cabinet portfolio. There can be no "partial" Corporate Landlord. **(KF3)**

R3. Cabinet tasks the new Assistant Director (Corporate Landlord) with creating a centralised Corporate Landlord management structure, to ensure that central management of all corporate assets is in the hands of property experts. **(KF2, KF5 & KF9)**

R4. A Corporate Landlord executive summary is produced annually as part of the budget setting process in order to identify the resources available to meet the asset maintenance backlog. The executive summary should include:

- Value of the current maintenance backlog
- Prioritised list of asset maintenance projects
- Investment estate market value
- Current revenue generated from the investment estate

- Capital receipt targets
- The allocation areas for increased revenue

(KF5)

R5. The Chief Executive should review and refresh as required the roles and responsibilities of the senior management team to reflect the centralised management of assets under a Corporate Landlord Model. **(KF4)**

R6. A preventative maintenance programme must be in place for all Council assets. Cabinet should ensure that:

- Proposals for new buildings factor in preventative maintenance at the planning stage
- A preventative maintenance programme is in place for retained assets **(KF4 & KF6)**

R7. Cabinet should ensure that, during the first 12 months following the appointment of the Assistant Director (Corporate Landlord), Landlord and Occupancy Agreements are put in place for all Council properties and the terms agreed by relevant parties. For schools, in particular, agreements must make explicit where responsibility lies for the management and maintenance of school buildings. The implications of the Corporate Landlord model for school budgets must be made clear by the start of the 2019/20 school financial year. **(KF7)**

CONTEXT

4. Cardiff Council is the largest property owner in Cardiff with over 500 properties retained for operational use, and a further 500 properties retained as investment assets.

5. The cost of managing and operating the Council's estate is the second largest call on the Council's budget (circa £60M per annum), after staff costs. This has become an increasingly important issue as the shape of the organisation has changed to reflect unprecedented financial pressures, and changing and growing customer demands.

6. The Council's five year property strategy to transform the Council's estate, known as *Fewer But Better Buildings*, aims to reduce the size and cost of the operation, as well as modernising the estate to ensure all of the Council's operational buildings are safe, fit for purpose, and are positive environments for staff and customers.

7. In the Wales Audit Office (WAO) Corporate Assessment published in May 2014 the WAO did not consider that the Council was managing its land and property assets well. They considered progress had stalled in 2013 with no clear strategy for realising the aspirations of the 2012/13 Corporate Asset Management Plan. They further observed that the range of property information systems was not sufficiently joined up, and an absence of easily accessible and accurate information on property inhibited corporate oversight of property performance.

8. The overall quality of the Council's estate is deteriorating, with over 50% considered to be in a 'poor' condition, leading to ever increasing maintenance costs and a growing maintenance backlog which is now in excess of £100M. This situation was brought to the fore in early 2017 when the situation in some of Cardiff's schools caused negative coverage in the local media. Cardiff has an Education estate of over 127 school properties and a maintenance backlog of approximately £68M according to *The Future Development of the Education Estate in Cardiff* report which went to Cabinet in October 2017.

9. In early 2017 the Council implemented a new 'Corporate Landlord' programme to improve the strategic management of the estate. In 2016-17, this new approach delivered:

- 7.9% reduction in Gross Internal Area (617,593 sq. ft.);
- 9.2% reduction in running costs (£3.3m);
- £8.8m reduction in maintenance backlog;
- £6m in capital receipts.

10. A clear definition of what constitutes a Corporate Landlord is contained within a Welsh Government report on the Cwm Taf Pilot Study, a regional asset management project based on collaboration between the PSB members. The definition is:

“The Corporate Landlord model centralises all estate related budgets, decision making and activities within a central team – the Corporate Landlord. Service departments become tenants of the Corporate Landlord. The service department has to make a case for the property that they wish to deliver a service from, which allows for the Corporate Landlord to offer sufficient space – and no more space than is required – for these functions.”

11. The targets set out in the Corporate Land & Property Management Plan 2018/19 relate to strategic management of the estate and include reducing the maintenance backlog (circa £100M), reducing running costs and generating capital receipts.

12. A target of £40million raised over the next 5 years from a land and property disposal programme has been set. However, the first £25million will fund the Council’s contribution to the Band B Schools Organisational Change Programme.

13. As part of discussions around issues for consideration in the Policy Review & Performance Scrutiny Committee’s work programme, Members wished to review the running of the Council’s Operational Estate. In particular, Members enquired as to the sufficiency of resources allocated to deal with the priority of taking steps to address the historic maintenance backlog in school buildings, given that currently £2m per annum is programmed to deal with potentially £4.5m pa of maintenance required.

KEY EVIDENCE

14. Members of the task group considered the views of internal and external asset management experts to identify best practice. The evidence gathered is categorised under 3 principal themes:

- (i) Securing corporate buy-in for the model
- (ii) Policies and Processes connected to implementation
- (iii) Benefits of successful implementation of the model

Securing corporate buy-in for the model

15. Members were advised by business consultants “People Too” that there had to be total “buy-in” to the process from all service areas as a partial Corporate Landlord Model won’t work.

16. According to the interim Head of Asset Management at Bristol City Council, the principal point to establish and make abundantly clear is that the council is the legal owner of its assets and therefore all assets are vested in the corporate body. This means the control of budgets has to be aligned to this approach.

17. Members were told that corporate and Member “buy-in” is important and that the opportunities for savings can be identified through a business case approach.

18. The interim Head of Asset Management at Bristol City Council outlined the importance of communicating where a Corporate Landlord approach fits into the bigger picture in terms of working within an austerity model.

19. It was emphasised to Members that if service areas experience something that works well they are more likely to go down that route again. This is why it is important for the benefits of the Corporate Landlord model to be filtered down to the service areas.

20. The Task Group were informed that corporate buy in was essential to avoid difficult outcomes. Specific changes are needed at both asset and management level. In Bristol there was a £2 billion estate with a housing stock of 27,000. Different ways of reducing older stock were discussed and it was pointed out that sophisticated approaches were needed to achieve effective buy in. Members were told that forcing change on service areas would only lead to a push-back against a Corporate Landlord model.

21. The Head of Estates and Professional Services at the Welsh Government advised Members in writing that: “My first piece of advice (at the outset) is to ensure senior decision makers within an organisation support the process and the team that are set to deliver it. I have no insight as to how the Council currently operate but taking control of assets into the centre will meet barriers. An unequivocal statement of intent from the top will support that drive for change.”

22. He also wrote that: “Depending on the starting point, this journey will be a cultural shift, buy-in (and full support) from the very top is essential. However, there will always be some who feel that relinquishing control of the asset will disadvantage them. Some things to remember, it’s not their asset and it’s not free, plus it’s not a policy aimed just at them, it is estate wide. Also day to day building management from the centre releases them to deliver policy priorities for their division.”

23. The Head of Estates and Professional Services at the Welsh Government said that a mandate was needed from the Council saying that this is now our approach but in order to ensure corporate buy-in the benefits needed to be clearly demonstrated.

24. The Cabinet Member for Investment and Development told the Task Group that his opinion was that if a directorate wanted a residual responsibility for assets, they should have all the responsibility. If directorates attempted to retain control of their assets, avoiding central management of the entire estate, the Corporate Landlord model would fail.

25. The investment estate has a current asset value of £90M and the maintenance backlog on the operational estate is £100M.

26. Members heard that the projected life-time of new school buildings is 25 years before contractual obligations cease.

27. The “Property Strategy 2015 – 2020” has five work-streams:

- Improved Governance
- Review of Resourcing
- Roles & Responsibilities
- Health & Safety compliance
- Improved intelligence & data management

28. The Director of Economic Development advised that resourcing of the strategy was outlined as follows:

- New Assistant Director post in Senior Management restructure
- New corporate Health & Safety manager and team
- New ‘Corporate Landlord’ structure covering Facilities Management), Projects, Design & Development, Strategic Estates, Schools Delivery, Contract Management (all are areas of Council property activity)
- Review of schools delivery arrangements
- Proposed increased capital allocation for asset renewal
- School Organisational Programme Band B – 21st Century Schools

29. The Task Group was told that in terms of roles and responsibilities new Landlord and Occupancy Agreements will be drawn-up. These are based on a new Responsibilities Handbook for services and a refreshed version of the current handbook for schools.

30. It was outlined that the intelligence and data actions are:

- Programme of prioritised building surveys

- *100 to be completed before Christmas 2017*
- *400 funded in total*
- Programme of land surveys and valuations
- Programme of Health & Safety Audits
 - *Schools completed by half-term*
 - *Rest of the estate underway*
- Full implementation of RAMIS & RAMIS for Schools. (RAMIS is a database to house premises' compliance information)

31. Members of the Task Group observed that a potential consequence of the Council managing its estate more effectively is that issues could be uncovered which it can't afford to address.

32. According to the "People Too" business consultancy the case for change is outlined as:

- Lack of accountability and control
- Compliance
- Backlog of maintenance
- Duplication of effort
- Multiple views of the truth
- Poor value for money
- Lack of integration
- No single strategy
- Lack of customer focus
- PRP (Procurement Route Planner) arrangements are not working

33. A suggested functional structure for the Corporate Landlord proposed by "People Too" advocated three divisions under the Assistant Director (Corporate Landlord) position. These were:

- Total Facilities Management
- Strategic Asset Management and Investment
- Capital Projects

A Compliance/ Health & Safety Unit was positioned alongside the Assistant Director (Corporate Landlord). Total Facilities Management would cover such areas as reactive and planned maintenance and cleaning, Strategic Asset Management and Investment areas such as asset ownership and data management and Capital Projects would be responsible for functions like technical design and expertise procurement.

34. Business consultants “People Too” advised that the Council shouldn’t just focus on capital receipts in terms of gaining an initial increase in revenue. They claim that it would be a wise investment move to retain a stake in any future development. For example, retaining land for small retail businesses within a new housing development would allow the Council to sell prime estate but also capitalise on future potential by collecting rent from shops.

35. The importance of having a standard mandatory agreement that made roles and responsibilities clear for all parties was outlined by the Services Manager at “People Too”.

36. The Director of Education and Lifelong Learning explained to Members that the predominant issues raised by head-teachers were based around cost and communication. On comparison, many schools found that they could have commissioned maintenance work more cost effectively outside of the current Council structure. Schools also expressed frustration at spending hours on the phone chasing-up repair work which had been scheduled but not delivered.

37. The Director of Education and Lifelong Learning also outlined six areas that he thought needed addressing:

- i. Awareness of building maintenance and Health & Safety issues. How traditionally there was no culture of an appreciation of this area within the Council in terms of awareness, understanding and attitudes.
- ii. Clarity of role. There is confusion and a system failure around roles when it comes to estate maintenance. Questions need addressing, such as what is the role of the Education Department as a commissioner of work? What is the role of Facilities Management? Currently there is a poor understanding of responsibilities and management and, as a result, contractors sometimes turn up at school unannounced and carry out work at inconvenient times.

- iii. Inadequate practices. In areas such as Health & Safety policy and practice had got weaker.
- iv. Budget allocation. Traditionally the Council had not been correctly budgeting for the amount of money needed to maintain an ageing estate.
- v. Value for money in terms of contract management and delivery. Schools weren't getting value for money within the current maintenance service provided by the Council because of inflated prices and contractors having too much control in terms of naming the price for work carried out.
- vi. Communication. There was poor communications in terms of where schools sit in the maintenance structure and what are the roles and responsibilities of all parties. Head-teachers were exasperated with trying to get an answer to maintenance enquiries and sometimes they were receiving unprofessional treatment from contractors. Who is the client – schools or the Council? There is a poor understanding of this concept.

38. Members heard that the Council had received warnings from Constructing Excellence in Wales about the way the schools estate in Cardiff was maintained.

39. The Director of Education and Lifelong Learning gave his view on the progress made in the six areas identified:

- i. Awareness in relation to Health & Safety issues. It was noted that there is now better awareness of the challenges faced in this area. Nick Batchelar welcomed the appointment of Donna Jones in the senior role of Health & Safety manager for Cardiff Council.
- ii. Clarity of role. The Director said that all the ingredients needed are now in place but there still isn't a clear understanding yet of how schools fit into the structure. Internally, within Education the Director has put in place a tougher regime in terms of the Asset Management Group. But a more robust database for the pricing of jobs is still needed. The Director told the inquiry that there's a complexity in terms of who is actually the customer which needs to be recognised. Sometimes schools are the recipient/ beneficiary of work carried out on their behalf but at other times they commission work themselves which is paid for out of their own budgets. The Director said that there was still weak contract management which needed to be much sharper. Some progress had

been made but more speed is now required in the area of roles and responsibilities for schools and the Council.

- iii. Practices. In terms of Health & Safety the situation was much better now that a senior post had been established. The manager has a good understanding of how to work effectively with schools. The Director outlined how part of the Education budget had been moved to the Health & Safety manager in order to deal with associated issues. The Director thought that RAMIS (Risk Assessment Management Information System) for schools was a good tool.
- iv. Budget Allocation. The Director said that more resources for asset renewal are needed. Band B funding under the 21st Century Schools programme will impact upon a comparatively small number of schools.
- v. Value for Money. The Director believed there was no change in this area especially with regard to contract management and that the Council needs to move more swiftly.
- vi. Communication. The Director believed that stronger leadership is needed in this area. Various questions require answers. Who is the customer? Whose money is paying for the work? How can we make this work? In terms of management the Director highlighted an example of a complaint received because of unprofessional interaction between a maintenance worker and a head-teacher. He said that this sort of inappropriate behaviour is an example of how work practices are not being managed properly.

40. It was explained to Members that the maintenance backlog for the Education Estate is approximately £34M (an actual figure of £68M halved due to the 50:50 funding ratio with Band B of the 21ST Century Schools investment programme). Approximately £17m, or 14%, of maintenance and condition issues of the estate have been addressed through Band A of the 21st Century Schools programme.

41. The Cabinet Member for Education, Employment & Skills told the inquiry that as part of the process to assess maintenance priorities a matrix scoring system had been developed for school buildings. There are four categories used to define the condition of these buildings. These are:

- E. Performing as intended and operating efficiently;
- F. Performing as intended but exhibiting minor deterioration;

G. Exhibiting major defects and not operating as intended;

H. Life expired and risk of imminent failure

42. As part of the matrix scoring system ratings were given based on the following issues:

- Sufficiency of places available
- Condition of the school buildings
- Suitability of the environment for teaching

43. The Director of Education and Lifelong Learning told Members that his understanding was that the Corporate Landlord Model is a set of principles and relationships across the whole Authority and shouldn't be seen as the responsibility of one single person or an individual department.

44. The Director of Education agreed that a more sophisticated understanding of what is meant by Corporate Landlord is needed. But just as no one single person is the Local Authority; there shouldn't be a single point of contact in terms of the Corporate Landlord model.

45. Members were advised that current spend on school asset renewal has been circa £3m per annum. This resource is allocated on a priority basis and is predominantly limited to keeping properties safe and watertight.

46. The Director of Education and Lifelong Learning explained that the Constructing Wales Excellence Report had not been acted upon, but as a result the reputational damage to the Council caused by negative press articles in early 2017 had actually brought people together in terms of their resolve to improve the situation.

47. According to the interim Head of Asset Management at Bristol City Council, the correct Corporate Landlord process is more an evolution than a "big bang" with the idea being to achieve quantities of scale and savings. It should also allow organisations to work with partners in a more coherent manner. It is then expected to make best practice property and area review tools more robust in challenging service area use of assets.

48. The Task Group was advised that Service Asset Management Planning is important and should cover areas such as using assets in a corporate sense and also emphasise community initiatives and legal responsibilities.

49. The Strategic Estates Manager advised that her strategy for the maintenance programme centres around three decisions: retain, remodel and release.

50. In terms of definite pitfalls to avoid the interim Head of Asset Management at Bristol City Council thought it was important not to create too many different levels of staff with responsibility for asset management budgets. All jobs created should contribute to definite outcomes.

51. The Head of Estates and Professional Services at the Welsh Government advised Members in writing to: "Get as much help and support from those who have already gone down this route as possible. I recommend engagement with CIPFA (The Chartered Institute of Public Finance and Accountancy) who have successfully run a number of training and information events on the topic."

52. He also wrote that: "There will be challenges, not least from upfront costs so organisations need to be prepared to invest to eventually see a return. Have a budget set aside or risk the process not being delivered. However, improvements depend very much on where the organisation starts from (what is the current model) it will be important to establish and clearly manage expectations."

53. The Strategic Estates Manager advised that the problem was that various departments didn't have their information in one place. Cardiff Council was more than likely going to use the provider Technology Forge to create its IT database.

54. Head of Estates and Professional Services at the Welsh Government thought that in terms of asset management the mood should definitely be moving away from just keeping things going, to asking is it worth keeping them going!

55. He also agreed that clarity was needed on the roles and responsibilities of the Corporate Landlord and individual service areas.

56. The Head of Estates and Professional Services at the Welsh Government said that prioritising maintenance work is important. That it must be structured in such a way that clear plans are identified. He outlined the Location Strategy plans for the office estate that have been implemented by the Welsh Government since 2003. A broader Corporate Asset Management Strategy covering 2016 to 2021 has been introduced for the first time, which seeks to apply consistency in management approach across all land and property assets owned by the Welsh Government.

57. The Director of Economic Development advised that there was a programme of work which was ongoing but that the model wouldn't be operational until after the appointment of the Assistant Director (Corporate Landlord). He emphasised that the important work for carrying out full property surveys was ongoing.

58. The Cabinet Member for Investment and Development advised that there was a commitment to manage the estate in a better way which would reduce the maintenance backlog. But he said he was yet to be persuaded that the Council was on track to achieve this aim under a Corporate Landlord approach. A draft report was being prepared in which he would highlight that this approach was the only way to get on top of the challenges faced by areas of the Council. He also pointed out that not every directorate fully embraced this way of running the estate.

59. The Cabinet Member for Investment and Development pointed out that the maintenance on the Council's three main buildings (County Hall, City Hall and Willcox House) was significant and substantial. Overall property related spend cost the Authority £60M per annum and therefore a significant amount of rationalisation was required.

60. The Cabinet Member for Investment and Development advised the Task Group that it was clearly stated in the Capital Programme that the Council had a target of £40million to be raised over the next 5 years from a land and property disposal programme. However, the first £25million will fund the Council's contribution to the Band B Schools Organisational

Change Programme. Cllr Goodway explained that this was necessary to ensure match-funding from the Welsh Government.

61. The Director of Economic Development raised the issue of the maintenance backlog which initially was estimated at £100M but in reality was closer to £150M. The Director highlighted some of the work being done such as detailed surveys of buildings and better IT systems. He also stressed the amount of maintenance work required at the Council's three main buildings.

62. The Assistant Director, Commercial & Collaboration told the group that the Council is already operating a Governance structure, but will need modification. Other teams around delivery are not fully structured yet. A delivery model is planned for Cabinet in May.

63. Members heard from the Assistant Director, Commercial & Collaboration that there are legal issues with centralising Council assets, especially with the Education Estate, but these are being addressed. The Council will remain liable for all assets in terms of Corporate Responsibility.

64. The Cabinet Member for Investment and Development raised the issue of compensation for residential use in areas where assets have been sold as part of a rationalisation programme. It was explained that not all money raised goes into the £40M target pot. He observed that ultimately this issue would need addressing at Leader and Chief Executive Level.

65. The Assistant Director, Commercial & Collaboration advised the group of the five principal areas where progress was being made:

- Implementation of the Corporate Landlord People and Change project;
- Strengthening of Health and Safety compliance;
- Procurement of the 2nd generation of Non Domestic Building Maintenance Framework contracts;
- Design, procurement and implementation of Corporate Landlord Systems Architecture.
- Corporate Landlord Asset Management Principles.

The Assistant Director told the meeting that a new model for improving customer care was in place and that schools liaison was a part of this team. A new Health & Safety team was now in place and covering 120 schools. On the issue of digitalisation the Assistant Director said that a lot of areas didn't have strong centralised asset management databases. A management tool called RAMIS had been purchased which would aid H&S compliance. The Assistant Director informed the group that new KPIs had been introduced around areas such as the maintenance backlog. New Service Level Agreements had been drafted in consultation with schools, these would act as landlord/occupancy agreements, and the same approach would be taken with other directorates. The Assistant Director also told the meeting about new training that was taking place.

66. The Director of Economic Development stressed the importance of having decisions on property made by property professionals.

67. The Head of Corporate Landlord at Birmingham City Council wrote offering advice: "Our advice would be to keep the Corporate Landlord (CL) team relatively small providing a "management" rather than a "doing" function i.e. "buying in" FM services from others - this gives future flexibility if there is a requirement to outsource services or to achieve further savings."

68. He also wrote: "We spent quite a lot of time developing the model we required and worked closely (initially) with our consultant partner (Telereal Trillium) to develop how we wanted the service to operate. We carried out a number of options/ appraisals on whether we should include all Facilities Management (FM) services via CL but decided that acting as "landlord" in managing the buildings and "buying" in services was the better model."

69. Members received a copy of the Welsh Government's Corporate Asset Management Strategy 2016 – 2021. One of the guiding principles for Asset Managers was to *"Take a Wales wide view to the management of our portfolios, understanding the whole-life costs of properties and where possible setting performance requirements for the operational and investment portfolios."*

70. During a presentation by the "People Too" business consultancy Members were given the following information on the importance of comprehensive data:

“Data is a key asset and must be developed, maintained and managed like one. It must be reliable and useable for regular, consistent and trustworthy reporting that services and members can build confidence in and should easily feed regular dashboard reports to them. In order to support this data must be able to be interrogated at multiple levels including as a minimum;

- *Asset (specific buildings)*
- *Macro-Portfolio (Education, City Ops, Commercial estate etc.)*
- *Micro-Portfolio (Parks depots, kiosks etc.)*
- *Component Layer (Cleaning, Catering, Security, Maintenance etc.)*
- *Feature groups (Assets with L&P, Asbestos, External cladding). And must inform the Strategic Asset Management Programme and drive its delivery over time.*

In the long term this will allow you to move along the analytics maturity curve, improving performance. “

71. People Too business consultancy outlined the importance of having a standard mandatory agreement that made roles and responsibilities clear for all parties. The Services Manager explained that in Bridgend 3 options were available in terms of maintenance under the Landlord and Occupancy Agreements. These ranged from just offering advice on maintenance issues to an all-inclusive package that proved attractive to service areas because the annual fee was a reduction on what they currently paid. This reduction was the result of better ways of working under a centralised approach to managing the estate.

72. Data ownership and management was identified as a key role and function under the heading Strategic Asset Management and Investment, during a presentation to Members given by the “People Too” business consultancy.

73. Members received evidence on the benefits of co-locating and collaborative asset management from the Head of Estates & Professional Services at the Welsh Government. Members were told about the Cwm Taf Pilot study which identified this principle as an example of best-practice. In a written submission the Head of Estates & Professional Services at the Welsh Government advised that: *“I am the lead WG official with responsibility for the NAWG (National Assets Working Group) and the principal role of the Group is to enable and influence collaborative asset management across public sector*

organisations to release efficiency savings, developing tools to enable and readily facilitate this collaboration to take place. As the public sector estate is estimated at around £12bn (WAO) the opportunities to be realised are significant. The ongoing challenging financial climate for public services in Wales, as a result of the UK Government's policy of austerity, means we must innovate and work together and smarter to deliver excellent public services for people in Wales. It is essential that public services work collaboratively to tackle pressures and achieve value for money from all available resources."

Benefits of successful implementation of the model

74. During a presentation given by the Director of Economic Development it was explained that the "Property Strategy 2015 – 2020" has the following aims and objectives:

- Full Knowledge of the assets
- Full H&S compliance
- Reduced cost of operation
- Significantly reduced maintenance backlog through disposals and improved planned maintenance
- A modern fit for purpose estate
- High staff morale

75. Members heard examples of how in other areas community services such as libraries and leisure centres co-located on the same site as schools in other areas. This model worked well and was given as an example of a joined-up and centralised approach to providing key services.

76. The benefits of a Corporate Landlord structure according to "People Too" are:

- Planned/Preventative maintenance savings 12-18%
- Contractor discount of 6-8% for prior notice of works (12 weeks)
- Does not impact frontline services
- Visibility of large controllable spend
- One view of the truth
- Commercialisation and income generation

- Managing customer expectations
- Budget can be top sliced
- Economies of scale
- Client agent/recharges
- “Recurring” capital savings
- Sustainability of service
- Service area savings

77. Members were advised by the Services Manager at “People Too” that data and knowledge management helps improve performance, as everyone can see what impact actions have over time.

78. It was also outlined to Members how an effective preventative maintenance programme on corporate assets can save money in the long-term.

79. According to “People Too” total savings as a result of implementing a Corporate Landlord model are still being quantified but are likely to exceed £2,000,000.

80. A materials study by “People Too” into the current procurement process illustrates that value for money isn’t being achieved. The majority of purchases made by Building Services from the supplier Travis Perkins were ‘off contract’ and outside the framework agreement made between the Commercial and Procurement team and Travis Perkins.

81. It was pointed out by the Services Manager at “People Too” that benefits are far greater than can be initially evidenced. He gave the example of high maintenance costs in Monmouthshire for the first year after schools came back under a Corporate Landlord Model. He believed this was caused by a maintenance backlog being allowed to accumulate in the preceding year or two as schools realised that eventually maintenance would be dealt with under the Corporate Landlord Model.

82. The interim Head of Asset Management at Bristol City Council, told Members that under a Corporate Landlord Model the individual and shared use of assets will be easier to identify and facilitate to increase effectiveness and efficiency of the asset base.

83. The Head of Estates and Professional Services at the Welsh Government emphasised the need to think creatively about the question of assets, their location, and who else could use them. Members heard how this offers the best opportunity to maintain and improve service delivery with reduced resources.

84. Task Group Members heard that Welsh Government revenue money was potentially available via the next phase of the National Assets Working Group (NAWG) funded Asset Collaboration programme. The Head of Estates and Professional Services at the Welsh Government suggested that in respect of allocating funds they would be more receptive to proposals from organisations with the right working structures in place, especially if innovative and could then be potentially replicated elsewhere.

85. The Assistant Director, Commercial & Collaboration gave Members the example of the sale of Penhill Rise as an indication of how improvements are being made in terms of the Investment Estate. A better than expected return was received on the sale of this asset.

86. The Head of Corporate Landlord at Birmingham City Council outlined the benefits of a Corporate Landlord model in writing: "Control is probably the most significant benefit - in the 90's control had been devolved to occupying departments to manage buildings and budgets. By re-centralising the service and budgets it has provided the opportunity to introduce rigour and controls to ensure the portfolio is effectively used i.e. we allocate the space to directorates and they occupy on the basis of "serviced" accommodation."

87. The inquiry received a study carried out by the "People Too" business consultancy into building materials purchased by Cardiff Council in 2016. According to this service review by "People Too" Cardiff Council was overpaying for regularly purchased building materials. On an analysis of over 400 materials, the Council was only getting trade rates for 25 items and on some products was actually paying more than consumer/ retail rates. The review relates to purchases made from the building supplier Travis Perkins over a two-year period. During that timescale Cardiff Council spent £480,000 at Travis Perkins but 85% of this spend was off contract and outside the framework agreement made between the Commercial and Procurement team and Travis Perkins. The review found that Travis Perkins were charging

a higher price for these off contract goods when compared to the rest of the market. The “People Too” summary claims that when the frameworks were set up there was more engagement from Housing than Building Services, therefore many items on contract are more beneficial to housing maintenance rather than facilities management. Building Services are now working with Travis Perkins on improving the situation and as they move to a more planned preventative maintenance regime, the belief is that products should become more standardised.

DRAFT

INQUIRY METHODOLOGY

The Policy Review and Performance Scrutiny Committee Corporate Landlord task group was charged by the full committee with delivering a report for its consideration. This report uses the evidence gathered by the task group to make key findings and recommendations to the Cabinet of the Council in respect of running the estate under a Corporate Landlord Model. To achieve this the Principal Scrutiny Support Officer has worked closely with the Council’s Corporate Estate Team to identify appropriate witnesses, and taken a steer from all members of the task group. Other witnesses were identified as a result of desk-based research within Scrutiny Services. The task group received evidence from the following witnesses:

Date of meeting	Witnesses
Meeting 1 - November 27, 2017	<p>Cllr Russell Goodway (Cabinet Member for Investment and Development)</p> <p>Neil Hanratty (Director of Economic Development)</p> <p>Donna Jones (Health & Safety Manager)</p> <p>Tara King (Assistant Director for Commercial and Collaboration)</p> <p>David Lowe (OM Commercial and Collaboration Services)</p> <p>Helen Thomas (Strategic Estates Manager)</p>
Meeting 2 – December 6, 2017	<p>Josh Dunn (Services Manager, “People Too” business consultancy)</p>
Meeting 3 – December 13, 2017 Education Estate case study	<p>Cllr Sarah Merry (Cabinet Member for Education, Employment & Skills)</p> <p>Nick Batchelar (Director of Education & Lifelong Learning)</p>
Meeting 4 – January 24, 2018 Site visit, Bristol City Hall	<p>Tony Bamford (Interim Head of Asset Management, Bristol City Council)</p>
Meeting 5 – February 13, 2018	<p>Richard Baker (Head of Estates and Professional Services, Welsh Government)</p>

Meeting 6 – April 9, 2018	<p>Cllr Russell Goodway (Cabinet Member for Investment and Development)</p> <p>Neil Hanratty (Director of Economic Development)</p> <p>Tara King (Assistant Director Commercial & Collaboration)</p>
---------------------------	---

Written evidence was received from Dave Fletcher, Head of Corporate Landlord at **Birmingham City Council**. Written responses were also received from Tony Bamford (**Bristol City Council**) and Richard Baker (**Welsh Government**) prior to appearing before the Task Group. Further to these submissions the inquiry received a study by the “People Too” business consultancy into building materials purchased by Cardiff Council. The full written responses can be found in the appendices section of this report.

The key findings and recommendations are the unanimous view of the task group.

Details of all evidence considered by the task group and used in the preparation of this report are contained within a record of evidence that is available for inspection upon request.

BIBLIOGRAPHY

- Cardiff Council – Corporate Asset Management Plan 2016/17
- Cardiff Council - Corporate Land and Property Management Plan 2018/19
- Cardiff Council – Property Strategy 2015 – 2020: Fewer, but better buildings
- Cardiff Council Cabinet Report: Developing the Education Estate in Cardiff (12 October 2017)
- Cardiff Council Cabinet Report: Corporate Land and Property Management Plan 2018 /19 (15 February 2018)
- Welsh Government Corporate Asset Management Strategy 2016 to 2021
- Welsh Government Report: A Regional Approach to Collaboration – Cwm Taf Pilot Study
- Welsh Government State of the Estate Report 2016 – 2017

LEGAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. Any report with recommendations for decision that goes to Executive/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf 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 of 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

There are no direct financial implications arising from this report. However, financial implications may arise if and when the matters under review are implemented with or without any modifications.

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE



Councillor David Walker
Chair



Councillor Rodney Berman



Councillor Bernie Bowen
Thomson



Councillor Joe Boyle



Councillor Stephen Cunnah



Councillor Owen Jones



Councillor Norma Mackie



Councillor Rod McKerlch



Councillor Jim Murphy

PRAP TERMS OF REFERENCE

To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives, including:

To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance and service delivery in this area.

APPENDIX 1:

Corporate Landlord Model – Responses from other Councils

BIRMINGHAM CITY COUNCIL

Dave Fletcher, headed up the Corporate Landlord function at Birmingham City Council since its creation in 2012. His responses are as follows:

(i) What advice would you offer having already made the transition to a Corporate Landlord structure?

BCC made the move to a CL model in 2012 for the management of its main back office portfolio. The service was split into 2 areas: Logistics - who deal with all of the moves, data, performance etc. and Operations that deal with the day to day management of the buildings - services i.e. cleaning, security, catering, repair & maintenance etc. is provided by others on the basis of Service Level Agreements - this means that the core CL staff is relatively small (8 staff in Logistics and 14 in Operations). Reception staff were initially part of CL but have subsequently moved into Customer Services. I think our advice would be to keep the CL team relatively small providing a “management” rather than a “doing” function i.e. “buying in” FM services from others - this gives future flexibility if there is a requirement to outsource services or to achieve further savings etc.

(ii) With hindsight are there things you now wish you’d done differently? If so – what are they and why?

CL was developed as part of the Council’s major business transformation programme (Working for the Future) and there are not really any things that with hindsight we would have done differently. We spent quite a lot of time developing the model we required and worked closely (initially) with our consultant partner (Telereal Trillium) to develop how we wanted the service to operate. We carried out a number of options appraisals on whether we should include all FM services via CL but (as above) decided that acting as “landlord” in managing the buildings and “buying” in services was the better model.

(iii) What are the main benefits that you’ve noticed since introducing this structure?

Control is probably the most significant benefit - in the 90’s control had been devolved to occupying departments to manage buildings and budgets. By re-centralising the service and budgets it has provided the opportunity to introduce rigour and controls to ensure the portfolio is effectively used i.e. we allocate the space to directorates and they occupy on the basis of “serviced” accommodation.

(iv) Have there been any issues in terms of acceptance of the new model by staff and individual service areas?

Some reluctance initially, especially when we introduced agility into the portfolio and removed cellular offices etc. This has however, pretty much now “gone away” with directorates, generally, understanding the policies and procedures we have in place and working with us to achieve outcomes that are beneficial to both sides.

(v) If consultation took place with other Corporate Landlord Councils, what potential pitfalls did they identify?

At the time we started to look at this (2010) there were not many role models we could look to consult with. We have subsequently had many visits from other authorities and private sector organisations to see what we did with our office transformation and the on-going management via the CL function. I think that the CL model will depend on the nature and size of the authority and what the aim is - for BCC with a relatively blank canvas (following Transformation) we had the opportunity to review what we wanted (in the context of existing service provision) and we worked this through to set up the model we now have - which over the last 5 years has generally worked well for us.

(vi) Prior to implementation what were the main components of your strategic planning?

As part of the transformation the Council initially moved from an aged/time expired office estate of 55 building (around a further 28 were added during the programme) with the aim (now achieved) of having 7 core buildings - staff number to be accommodate started at circa 9,100 FTE's (10,500 people) and has reduced to approx.. 7,500 FTE's. The footprint of the accommodation has reduced from in excess of 1 million sqft down to 560,000 sqft with annual running costs reducing from £19m P/A to circa £11m. So our planning was around how we would manage the portfolio going forward to achieve the savings we had set ourselves - £100m over the life (25 years) of the project.

BRISTOL CITY COUNCIL

Tony Bamford is interim Head of Asset Management at Bristol City Council & Chair of the Association of Chief Estates Surveyors in Wales. His answers to the questions are as follows:

(i) What advice would you offer having already made the transition to a Corporate Landlord structure?

The principal point to establish and make abundantly clear is the council is the legal owner of its assets and therefore all assets are vested in the corporate body. This means the control of budgets has to be aligned to this approach.

This can be dealt with incrementally but most simply as a single issue. Establishing an effective and healthy relationship between the centre and services is an ongoing process that must be maintained. Corporate and member buy in is important and the opportunities for savings can be identified through a business case approach. Changing the culture and developing an effective route forward is also important.

(ii) With hindsight are there things you now wish you'd done differently? If so – what are they and why?

Difficult to say since each authority is different. I would suggest that stakeholder mapping is helpful. A risk analysis, option appraisal and to help implementation - a “pre mortem” might be helpful? A pre mortem is where an idea is considered to have gone wrong and then all the reasons why established so they can be nullified before you start the work in reality. Often used in project management.

(iii) What are the main benefits that you've noticed since introducing this structure?

It's more an evolution than a “big bang” the idea is to achieve quantities of scale and savings. It should also allow us to work with partners in a more coherent manner. Expected to make best practice property and area review tools more robust in challenging service use of assets.

(iv) Have there been any issues in terms of acceptance of the new model by staff and individual service areas?

In a large authority like Bristol or Cardiff there are bound to be more issues in creating and achieving the “centre of gravity corporately”. Likewise within service structures the trickle down of the change will happen at different rates.

(v) If consultation took place with other Corporate Landlord Councils, what potential pitfalls did they identify?

We haven't consulted with other councils since a corporate landlord can mean different things to different bodies. For instance some authorities have internal recharging but we have avoided that route as being too work intensive for little purpose. A book published last year about corporate real estate asset management planning does include a chapter about councils instituting corporate landlord models. Details will follow next week. I suggest you make enquiries of the National Assets Working Group (NAWG) in this respect as well and Richard Baker WG Head of Estates would be a useful contact. I can provide his e mail details next week for you.

(vi) Prior to implementation what were the main components of your strategic planning?

We have introduced a new Property Strategy Board to replace the previous governance structure. At the same time we have introduced a new Regeneration and Growth Board. Over the years' service and department asset management plan frameworks were instituted and corporate asset management documents as with many other authorities

Naturally we see the corporate landlord model enabling a more effective pooling of assets and their revenue and capital expenditure. The individual and shared use of assets will be easier to identify and facilitate to increase effectiveness and efficiency of our asset base.

I am chair of the Association of Chief Estates Surveyors in Wales this year so if you would like any further contacts please feel free to get in touch.

Written response received from Richard Baker, Head of Estates and Professional Services, Welsh Government

Background.

While I do not know what path the council are going to take, the corporate landlord model can follow different routes but at its heart is a real desire to improve strategic asset management.

There is a very good quote from the RICS Public Sector Asset Management guidelines (2nd edition) which really sets the high level aspiration and why organisation should be looking at effective delivery in a time when we are all facing finding pressures.

“Managing property assets requires co-ordination with all parts of an organisation. It is strategic and business led and requires the co-operation of the whole organisation to be successful and in order that the most effective space is delivered”

Responses to questions from Mark Jacques (PSSO):

1. What advice would you offer an organisation about to introduce a Corporate Landlord structure?

My first piece of advice (at the outset) is to ensure senior decision makers within an organisation support the process and the team that are set to deliver it. I have no insight as to how the Council currently operate but taking control of assets into the centre will meet barriers. An unequivocal statement of intent from the top will support that drive for change.

2. Having spoken with organisations that have adopted a centralised model - with hindsight are there things they'd wished they'd done differently? If so – what are they and why?

I would say get as much help and support from those who have already gone down this route as possible. I might recommend engagement with CIPFA who have successfully run a number of training and information events on the topic. Organisations may begin the journey from different starting points so one size may not fit all. However, a key point already picked up in the RICS quote above would be to ensure all business departments impacted by the change are kept very much up to speed with progress. There will be a need for cooperation particularly in obtaining property data held by individual branches so working together with a shared corporate goal will help

3. What do you think are the main benefits of introducing such a structure?

With dispersed departments having responsible for they own property assets there is a tendency for a silo mentality and assets are not delivering efficiency's (VFM) here are some highlights:

- Asset plans not aligned to business planning/not delivering corporate objectives / outcomes become difficult if the asset is only available to a single Dept.
- Capital investment not prioritised and in truth an understanding of backlog maintenance position unknown at the centre.
- Control and oversight of statutory obligations / legislative testing programmes can be lost and there are risks to non-compliance,
- The National Assets Working Group (NAWG) encourage efficiency reviews that requires all costs of occupation space standards information along with utilisation rates to be fully available. But individual groups holding assets will lead to data inconsistent proper analysis is not possible.
- Central asset control can also lead to advantages in procurement of property services.

4. Do you know of any issues in terms of acceptance of the new model by staff and individual service areas?

Depending on the starting point, this journey will be a cultural shift, buy-in (and full support) from the very top is essential. However, there will always be some who feel that relinquishing control of the asset will disadvantage them. Some things to remember, it's not their asset and it's not free, plus it's not a policy aimed just at them, it estate wide. Also day to day building management from the centre releases them to deliver policy priorities for their division.

5. What potential pitfalls would you identify?

There will be challenges not least from upfront costs so organisations need to be prepared to invest to eventually see a return. Have a budget set aside or risk the process not being delivered. However, improvements depend very much on where the organisation starts from (what is the current model) it will be important to establish and clearly manage expectations.

6. Prior to implementation what should be the main components of any strategic planning?

Very wide question and perhaps one for the project with experience of change programmes. However, I would expect the policy stage to include a time line with appropriate responsibilities properly assigned to individuals and the overall governance package to include regular progress reviews.

Note on National Assets Working Group:

- I am the lead WG official with responsibility for the NAWG and the principal role of the Group is to enable and influence collaborative asset management across public sector organisations to release efficiency savings, developing tools to

enable and readily facilitate this collaboration to take place. As the public sector estate is estimated at around £12bn (WAO) the opportunities to be realised are significant.

- The ongoing challenging financial climate for public services in Wales, as a result of the UK Government's policy of austerity, means we must innovate and work together and smarter to deliver excellent public services for people in Wales. It is essential that public services work collaboratively to tackle pressures and achieve value for money from all available resources.
- Asset Management is a key part of business planning and an important tool in meeting the current and future financial challenges for all public organisations in Wales.
- Thinking creatively about the question of assets, their location, and who else could use them, offers the best opportunity to maintain and improve service delivery with reduced resources.
- In order to increase the pace and ambition of the group in driving forward initiatives and work relating to good practice collaborative asset management activity across the Welsh public sector, the government funded the Welsh Public Sector Collaborative Estate pilot in the Cwm Taf area.
- The report was published in September 2017 and it confirms there are significant opportunities if public services work together and take a more strategic approach to property and property management across geographical and organisational boundaries. It highlights opportunities to integrate services; improve customer experience; create wider efficiencies; rationalise the estate and improve the quality of public service assets by investing more in fewer, shared physical assets.
- The Cwm Taf regional pilot programme has the potential to deliver the following benefits, according to the report:
 - New homes from surplus public sector land release;
 - Significantly enhanced, customer-focused services through integrated service planning and a better estate to support service delivery;
 - Reduced annual running costs as a result of a rationalisation of public sector estate and the prudent purchasing of property services;
 - Capital receipts from the release of surplus public sector land and strategic brownfield sites, creating a fund for future investment;
 - New jobs associated with the development of surplus land and service improvements.

The study has given public services in the Cwm Taf area a better understanding of their collective estate and service delivery plans and how a collaborative approach offers the opportunity to deliver greater outcomes.

Section 4 of the report gives a brief summary of the Corporate Landlord Model and its advantages.

<http://gov.wales/topics/improvingservices/assets-cymru/regional-approach-to-collaboration/?lang=en>

DRAFT

APPENDIX 2:

Cardiff Council - Building Services Materials Framework Summary

A review of the Building Services materials frameworks is currently being undertaken, exploring opportunities to further drive value where possible. The Commercial and Procurement team (C&P) and People too (P2) are collaboratively working to identify key areas of opportunity, which are to be addressed with the suppliers.

Travis Perkins currently have a framework agreement for General building items, they provided data that showed in 2016 Building Services spent circa £309k on items and to date in 2017, c£171k. C&P and P2 have recognised the off contract spend with Travis Perkins as an opportunity to gain further value from the framework. Over the last 2 years, circa 15% of the total spend with Travis Perkins has been on contract, the remaining spend has been on items that are off contract. C&P has completed a detailed analysis identifying these items and listing which framework the item should fall into. P2 is currently completing an ongoing analysis of the material prices received from Travis Perkins on items with high spend, the data so far has generally shown that Travis Perkins are charging higher price for goods that are off contract in comparison to the market. This analysis is still ongoing as the Council is negotiating with Travis Perkins to move certain products on contract. This has been identified as a key area for improvement, as when the Frameworks were set up there was much more engagement from Housing than Building Services, therefore many items on contract are more beneficial to Housing maintenance rather than Facilities Management. It has been recognised that Facilities Management have more one-off purchases in comparison to Housing, due to the variety of buildings the service currently manages. However, Travis Perkins have agreed to work with Building Services to recognise where improvements can be made and as Building Services is making changes towards moving to a planned preventative maintenance regime in the future, products should become more standardised.

City Plumbing, also known as City Heating Spares, also have a framework agreement with the Council to provide materials, predominantly mechanical, to Building Services. City Plumbing provided spend report data which when analysed showed circa £107k total spend, of which £57k was off contract. Further to this, £58k of the spend was not itemised and therefore was very difficult to show if value is being received on this spend. P2 also completed an analysis showing variation of prices on the same products, the price differences totalled to circa £3.7k. C&P analysis also showed that the spend that City Heating labelled as off-contract should have been under the framework. Building Services have contacted City Plumbing and set up a meeting on 6th March 2018 to discuss the issues detailed above, all of which have been identified as opportunities to improve the value of the frameworks.

Following the meeting on the 6th March, City Plumbing have agreed to report on the £58k of

spend that has not been itemised, with more detailed analysis of what has been purchased. Further to this, City Plumbing has also recognised that there should not be a variation in price for the same products and will review the analysis that has been completed. City Plumbing stated that if there were manual changes to price from their staff then a credit would be arranged. As well as this, City Plumbing are also happy to work with Building Services to identify other items that can be moved on contract for the remainder of the framework.

Materials



We are significantly overpaying for a number of materials. Of over 400 analysed, we are only getting “trade rates” for 25 items, on other items we are paying more than consumer/retail rates, eg:

- **McAlpine Flex WC Conn** WC-F23R
- Cardiff price - £40.64.
- Screwfix price - £23.39 INC VAT

- **Fernox F1 Central Heating Protect** 56599
- Cardiff price - £30.18
- Wickes price - £14.99 INC VAT

- **Black Nitrile Gloves** (BOX 100)
- Cardiff price - £18
- Plumb-line price - £9.08

DRAFT

Scrutiny Services, Cardiff County Council
County Hall, Atlantic Wharf, Cardiff CF10 4UW
Tel: 029 2087 2296 Fax: 029 2087 2579
Email: scrutinyviewpoints@cardiff.gov.uk

CYNGOR CAERDYDD

CARDIFF COUNCIL

POLICY REVIEW AND PERFORMANCE

SCRUTINY COMMITTEE

16 May 2018

CUSTOMER LEADERSHIP

Reason for the Report

1. To present Members with an opportunity to consider the final draft report of the Committee's inquiry into Customer Leadership.

Background

2. As part of its 2017/18 work programme the Committee agreed to undertake a review of customer leadership across the Council.
3. The terms of reference for the inquiry were agreed at the Committee's meeting on 20th September 2018, as follows:

To explore opportunities for embedding customer culture and leadership across the Council by:

- Clearly defining the challenges, such as diverse services, multiple touch points, and a large number of staff.
- Reviewing existing best practice internally and externally
- Identifying mechanisms for improvement such as customer charter, customer "champions" across the Council, and corporate customer service training.

To examine Council policy (guidelines) for supporting the digitally disadvantaged (Digital inclusivity)

To make recommendations for improvement in Customer Leadership.

4. Members of the Task & Finish group were:
 - Councillor David Walker (Chair)
 - Councillor Rodney Berman
 - Councillor Stephen Cunnah

5. The Task & Finish Group received evidence from a wide range of internal and external witnesses as follows.

Internal Witnesses

Paul Orders Chief Executive;
Isabelle Bignall; Assistant Director Customer Services;
Matt Wakelam, Head of Infrastructure and Operations;
Rachel Bishop, Operational Manager, Customer Services;
Lowri Morris, Assistant Contact Centre Manager, C2C;
Mike Pope, Customer Service Trainer, Cardiff Council.

External Witnesses

Mike King, Head of Claims, Admiral Group;
Mike Mullins, British Gas;
Alun Shurmer, Director of Customer Strategy & Communications, Welsh Water;
Frances Ball, Business Development Manager, Institute of Customer Services.

Way Forward

6. Attached at **Appendix A** is the final draft report of the task group. Members are particularly referred to the Key Findings (*pages 5-10*) and the 7 Recommendations (*pages 11-13*). These are based on the evidence heard throughout the Task & Finish Group Inquiry.

7. Members may wish to consider the report, raise any matters for clarification with the task group, and agree whether to approve the report and refer it for consideration by the Cabinet.

Legal Implications

8. 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 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 of 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

9. 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:

1. Consider the Customer Leadership report of the Task and Finish Group.
2. Agree the report, subject to any comments the Committee wishes to make, and agree that it is forwarded for consideration by the Cabinet at the earliest opportunity.

DAVINA FIORE

Director of Governance and Legal Services

10 May 2018



Craffu - Ymgysylltu heddiw, Llunio yfory - Scrutiny - Engaging today, Shaping tomorrow

An inquiry report of the:
Policy Review & Performance Scrutiny Committee

Customer Leadership

April 2018



Cardiff Council

CONTENTS

CONTENTS	2
CHAIR'S FOREWORD	3
Terms of Reference for the Inquiry.....	4
KEY FINDINGS.....	5
Vision & Strategy.....	5
Leadership.....	5
People.....	7
Customer Expectations.....	8
Policy and Processes.....	10
RECOMMENDATIONS.....	11
CONTEXT	14
KEY EVIDENCE	18
Vision & Strategy.....	18
Leadership.....	22
People	24
Customer Expectations.....	31
Policy and Processes.....	40
INQUIRY METHODOLOGY.....	44
LEGAL & FINANCIAL IMPLICATIONS.....	45
POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE	46
COMMITTEE TERMS OF REFERENCE.....	47
APPENDIX 1: Draft Customer Charter.....	48
APPENDIX 2: Institute of Customer Services Membership.....	49

Draft

TERMS OF REFERENCE

1. At its meeting on 20th September 2017 the Policy Review & Performance Scrutiny Committee agreed the Committee's 2017/18 work programme would include a task and finish inquiry into the Council's approach to customer leadership. The Terms of Reference for the inquiry were agreed as follows:

To explore opportunities for embedding customer culture and leadership across the Council by:

- Clearly defining the challenges, such as diverse services, multiple touch points, and a large number of staff.
- Reviewing existing best practice internally and externally
- Identifying mechanisms for improvement such as customer charter, customer "champions" across the Council, and corporate customer service training.

To examine Council policy (guidelines) for supporting the digitally disadvantaged (Digital inclusivity)

To make recommendations for improvement in Customer Leadership.

2. The outputs/outcomes from this investigation were to be:
 - To produce a report that uses the evidence gathered to make recommendations to the Cabinet for improving customer leadership across the Council.
 - To Include a draft customer charter that promotes a customer centric culture internally.
3. The Committee agreed that the Membership of the task & finish group would comprise:
 - Councillor Rodney Berman
 - Councillor Stephen Cunnah
 - Councillor David Walker (Chair)

KEY FINDINGS

Vision & Strategy

KF1 Customer service is about continuous improvement that places the customer at the centre of an organisations culture and ethos. Customer focussed organisations such as Welsh Water, British Gas and Admiral have in place vision statements that place the customer at its heart.

KF2 The Council delivers multiple, diverse services on a large scale. It has pockets of frontline customer engagement excellence, however its internal customer management is not uniformly characterised by the same level of excellence.

KF3. Diverse service delivery requires a diversity of staff, and many roles are not traditionally customer centric. To develop a council-wide customer culture, the customer service expertise that exists within the Council's C2C service should be shared widely, both internally (back office) and frontline to improve customer focus and understanding.

KF4. The Council's strategic planning processes are well embedded and include the Corporate Plan, Directorate Delivery Plans, Team Plans, and Personal Reviews. There is a clear intention that all plans stem from or feed into the plan above or below respectively. However, for the Council to facilitate a culture of customer focus and leadership the combination of these plans must provide a framework and clear line of sight that has the customer at its centre.

KF5 The Council does not have a customer service charter, a customer vision or a customer strategy to which all services are committed.

Leadership

KF6 Effective customer service starts with a customer service vision emanating from the top of the organisation.

KF7 A step change in the profile and understanding of customer service is required across all management roles in the Council.

KF8 Responsibility for the new vision and leadership in customer service should sit with the Chief Executive. However, the new Chief Digital Officer senior appointment should hold council wide authority for Customer Service excellence in all Directorates. The role should ensure consistent Council wide adherence to customer service standards and, where necessary, recommend how services should be structured to achieve excellence in this area.

KF9 The Council could make better use of the customer expertise held within its C2C frontline service. Members consider there is potential for a comprehensive programme of customer-focussed projects led by C2C and sponsored by the Chief Executive. Such a programme could take a lead, for example, in developing customer strategy and standards, customer service training, good customer practice, and social media. C2C's services, experience and expertise could be made available to enhance customer service effectiveness in all Directorates. If it becomes evident that a service would benefit from C2C's customer expertise, resources may need to be put in place to facilitate the sharing of expertise.

KF10 A network of customer champions, such as the Cardiff Ambassadors network, should become the central focus for launching the customer service vision, the sharing of expertise, and reinforcing customer leadership in each service area.

KF11 Where it becomes evident that there are customer service management needs or shortcomings in service areas, a cohort of middle managers should be identified, who with the right support, advice and training will be tasked to raise customer service standards and change the culture.

KF12 It is essential for customer leadership training to focus on all levels of the organisation.

KF13 All service areas should be required to actively and positively take part in leading culture change

People

KF14 The inconsistency of customer service across the Council is an issue that would benefit from being addressed. Consequently, there are Council services that currently do not always handle customer enquiries in line with expected standards of customer service.

KF15 All service areas will have their own ethos and culture. Turning an organisation's culture into one of customer centricity results from multiple actions, not simply one initiative. It will require a change of culture involving all staff within each directorate.

KF16 Virtually all members of staff interact with customers, they may be internal to the organisation, external bodies, or residents in receipt of Council services.

KF17 The Council's values are brought to life through its people, who can be empowered to take on new challenges. The Cardiff Ambassadors programme, and Cardiff Managers training are good initiatives which can be used for developing a customer service culture. There is an opportunity to refresh the Cardiff Ambassadors network and engage operational managers more closely in the Ambassadors programme.

KF18 The C2C service has a customer centric microclimate. There is an opportunity to expose other frontline Council services to this climate, share expertise, and secure on the job training. This can be done by inviting customer-facing staff into the C2C environment for a period of time.

KF19 All management teams should be accountable for good customer service. A hands on management approach by operational managers can ensure that customers have a good experience when using council services. Consistent monitoring of the quality of these interactions should be part of the process of continuous improvement.

KF20 Managers at all levels have an opportunity to focus on the expected behaviours of a council employee detailed in the Council's Employee Charter during Personal Review conversations. Such conversations should assist the member of staff to consolidate their understanding of whether their customers are internal, external or both. These conversations should be consistent across the organisation.

KF21 Some managers may avoid challenging conversations with staff. Senior managers may also avoid challenging conversations with operational managers. At all levels, it is important that interactions between manager and employee are based on respect. Such challenging conversations will be essential in creating a customer-focussed culture.

KF22 It is important that high standards are applied when recruiting staff to customer facing positions. To achieve this may require directorates adopting the policy of C2C to only recruit staff who match the expected competencies.

KF23 Similarly, it may be necessary to re-consider the policy of the probationary clock continuing, rather than resetting, when staff move from one directorate to another.

KF24 The Council's corporate induction training would benefit from a review and refresh to include a strong customer service element.

Customer Expectations

KF25 Frontline customer service delivery lacks consistency in its application across directorates. Consistency of customer experience is important. Standardisation, alignment, and a consistent approach to customer service across teams and their leaders is essential.

KF26 Understanding who the customer is, and what they expect from the service the Council offers, whether internal or external customers, is critical to service design. All staff should understand who their customers are, their expectations, and whether

their role delivers a back office function serving internal customers, or a frontline function serving external customers.

KF27 Silos can affect the consistency of customer service across the Council. Where this is the case, barriers can be broken down by senior management action, to ensure customers are central to the service the team delivers and that staff become outwardly focussed.

KF28 Management training in customer care is transferable. The Council has been invited to experience Admiral's customer leadership approach first hand, by spending time with the company or inviting key Admiral people into the Council to provide advice and support.

KF29 Customer focussed organisations such as British Gas and Welsh Water use Net Promoter Score (NPS) to evidence the effectiveness of their customer service. The customer is invited to score 1-10 following an interaction with the company, and is then asked whether they would recommend the service. The Council does not operate such a feedback system and would benefit from exploring its potential benefits.

KF30 Welsh Water has a strategy to ensure the company's plans are increasingly customer-led whereby they actively involve the customer in the company's decision-making and business planning process. This approach requires an investment in customer research and customer engagement activity.

KF31 The Council would benefit from support and guidance in its customer leadership journey. The Institute of Customer Service (ICS) is the professional body that could support such a journey. ICS is nationally recognised for its work in helping organisations to move towards establishing a customer service ethos. It also helps by externally measuring and reporting on customer service performance standards.

KF32 To address customer service excellence the Council would benefit from

- Customer research and insight into how our customers perceive us.
- Benchmarking against other local authorities and against a wide range of customer focussed service providers.

- Accreditation such as that provided by ICS, including access to services to develop high performing individuals and teams.
- A major people development initiative to demonstrate commitment to and help make the vision a reality.
- Networking and Knowledge Sharing across sectors.

Policy & Processes

KF33 There is a broad range of customer demand in terms of levels of service. Ninety five per cent of customers do not require personal interaction and will make full use of digitally based systems. It is however important that the Council offers a fallback position for those that would prefer a conversation or who lack digital hardware.

KF34 Digitalisation can lead to customer interface efficiencies but is not a panacea for achieving across the board high quality customer service. Senior managers are key to supporting service area interactions with the customer.

KF35 The Council can produce good performance information. This should improve as more robust customer service data is gathered through digitalisation, and agents have better information to hand. How the organisation uses data will be important. Digitalisation should enable greater insight, trend analysis and forward planning.

KF36 British Gas employs multi-skilled contact centre staff, trained to offer all services. The company aims to resolve 80% of requests for service first time. To achieve this the company holds customer data that enables 'data visioning', a mechanism that advises the agent on the best 'next step', to ensure the right information is provided to the customer, to avoid customer queries escalating into requests for service. A data visioning approach brings ICT and the customer together behind the frontline and has the potential to drive out poor performance with better performance information informed by better digital data.

RECOMMENDATIONS

The task group has identified opportunities for placing the customer at the heart of Council service delivery. It will require raising the profile of customer service both politically and operationally. Members consider this step change is well within the organisations reach.

The Cabinet is recommended to:

R1 Evaluate then strengthen the customer focus of the Council's suite of strategic planning documents, introducing a clear customer-centric line of sight by developing:

- A new Customer Vision statement; (KF1,4,5)
- A Customer Charter that embraces customer service values and behaviours, such as the draft attached at *Appendix 1*; (KF1,4,5)
- A Customer Service Strategy to deliver customer focussed service both internally and externally. (KF1,4,5)

R2 Improve the Council's understanding of customer needs and expectations by involving the customer in business planning through customer research, engagement activity and use of customer insight data. Undertake a new Customer Service survey that provides a baseline as to the present consistency of the customer experience, service delivery and staff behaviours.(KF30,32,33,35)

R3. Embrace the requirement for clear leadership of the customer service vision by facilitating a step change in customer service awareness and understanding across all management roles, but specifically:

- Giving the Chief Digital Officer a mandate and full authority to ensure council-wide consistency of customer service standards. (KF6,7,8,11,12,19,20,21)

R4 Develop the culture, management accountability and customer training at all levels that will encourage consistency of service excellence by:

- Putting in place customer focussed training and development for all Council staff, frontline, back office, team leaders and managers to ensure staff behaviours reflect the Councils customer vision;(KF11,12,13,14, 25, 26)
- Introducing a new senior management focus on customer service council-wide, in-line with the customer service charter, recognising that it is senior managers who hold the key to service improvement by breaking down silos;(KF2,13,15,19,27,34)
- Encouraging individual employee commitment to customer service by introducing a customer focus to the Council's statement of employee values; (KF20)
- Ensuring each member of staff understands who their internal or external customers are. This can be re-enforced through the Personal Review conversation; (KF16,20,26)
- Introducing customer service as a standing item at team meetings (KF13)
- Refreshing the Ambassadors network to share the customer service vision of operational managers; (KF10,17)
- Refreshing the corporate induction process to embrace a customer focus; (KF24,26)
- Evaluating the Council's recruitment policies to ensure they re-inforce the emerging customer culture; (KF22,23)
- Making the customer expertise of the Council's C2C contact centre widely available to provide training for customer facing staff across the organisation; (KF3, 9,18,27)

R5 Explore the invitation to experience Admiral and Welsh Water's customer leadership approach first hand, by spending time with the companies or inviting the company representatives into the Council. Secure opportunities for senior managers to spend time with these organisations to experience their customer service focus and culture. (KF28)

R6 Secure membership of the Institute of Customer Service as the professional body that could support the customer service development journey. The task group recommend *Trusted Advisory Network* membership as the Council has some of the building blocks for effective customer service in place but is facing a major set of challenges if it is to embed customer service throughout its operations. (KF31,32)

R7 Facilitate central monitoring and direction of the customer service experience and other data by:

- Introducing the Net Promoter Score system to benchmark progress in customer satisfaction. (KF29)
- Driving out poor performance with better performance information informed by robust digital customer data. (KF35)
- Exploring and introducing data visioning to support customer service delivery and to improve consistency of service. (KF35, 36)
- Using the impartial ICS monitoring and rating system to evaluate the Council's customer service performance. (KF31, 32)

CONTEXT

4. Cardiff Council has many external and internal customers, requiring a workforce with a wide variety of skills and expertise to deliver its multiple diverse services. Front facing City services such as Recycling and Waste; Parking, Roads and Travel; Schools and Learning; Council Tax; Leisure, Parks and Culture; Planning; Social Services; Libraries and Archives; and Housing; and back office support services, such as Finance; Legal and Governance Services; Human Resources, ICT, Strategic Estates; Strategic Planning, Performance and Partnerships support.
5. In July 2017 the Council's new Administration set out a policy programme and associated delivery commitments entitled 'Capital Ambition' establishing the Cabinet's key priorities for the five year municipal term, and outlining a programme of action to continue to drive the city economy forward, whilst ensuring that the benefits of success are felt by all residents. Capital Ambition focusses on four main areas: Working for Cardiff – *Making sure that all citizens can contribute to, and benefit from, the city's success.* Working for Wales – *A successful Wales needs a successful capital city.* Working for the Future – *Managing the city's growth in a sustainable way,* and Working for Public Services – *Making sure public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets.*
6. The Cabinet has approved a four year Capital Ambition Delivery Programme with corresponding corporate governance and performance management arrangements to support the priorities outlined in Capital Ambition, taking into account that the Council faces severe financial pressures, service demand pressures, and the Welsh Government's emphasis on collaboration to deliver its programme of local government reform.
7. The Council's response is to identify more efficient ways of working, more extensive use of technology, and new partnerships with public, private and

community organisations. The Cabinet has made it clear that the refresh of priorities would require adjustments to the Council's budgetary and corporate planning frameworks. Going forward, the principles that will underpin how the Council develops in the coming years are: *getting the basics right; digital first; putting communities front and centre; joining-up of frontline services; purposeful partnerships; and a new deal with citizens.*

8. Cardiff Council's four Capital Ambition Priorities form the basis of its Corporate Plan 2018-21, and in turn the Corporate Plan links the Priorities to the Well-being Objectives of Cardiff's Public Services Board, setting out the steps and actions the Council will take to make progress in achieving these objectives. There are seven Well-Being Objectives, which are linked to the four Capital Ambition Priorities as follows:

Priority 1: Working for Cardiff

Well-being Objectives:

- Cardiff is a great place to grow up
- Cardiff is a great place to grow older
- Supporting people out of poverty
- Cardiff has Safe, Confident and Empowered Communities

Priority 2: Working for Wales

Well-being Objective:

- A Capital City that Works for Wales

Priority 3: Working for the Future

Well-being Objective:

- Cardiff's Population Growth is managed in a Resilient Way

Priority 4: Working for Public Services

Well-being Objective:

- Modernising and Integrating Our Public Services

9. The Corporate Plan is a clear statement of the strategic priorities of the organisation, and as such will be underpinned by a Delivery Plan produced by each Directorate, which will provide greater detail on how the well-being objectives contained in the Corporate Plan will be delivered.

10. In 2001 the Council set up Connect to Cardiff (C2C) as the first point of contact with the Council for the citizen of Cardiff. C2C currently deals with a range of enquiries through phone, email and webchat including benefits and council tax enquiries, parking and traffic enforcement, waste and highways enquiries and requests for Council housing repairs. Over the years, C2C has become an award winning centre of excellence for good customer service.
11. During the period the inquiry has been active the Council has implemented a senior management review. The C2C customer services function has moved from the Communities, Housing and Customer Services Directorate, and going forward will be the responsibility of the Chief Digital Officer within the Resources Directorate.
12. The task group's research and evidence gathering has highlighted the importance of an organisation's customer service strategy feeding into its corporate planning framework. The Institute of Customer Service highlights that customer service is about continuous improvement. It points to the importance of embedding people, process, strategy & culture within the Corporate Plan.
13. The ICS framework for a customer strategy is:
- Commitment - Looking at the strategic focus of the organisation and how strongly the vision, mission and values are lived and breathed
 - Capability - Are people recruited and developed against customer-focused competencies? Are people developed, supported and enabled to deliver your service proposition?
 - Consistency - Consistency encourages a 'right first time' attitude, with processes mapped to meet customer expectations
 - Credibility - Credibility is about meeting and exceeding customer expectations. How you deliver on promises and how your brand and integrity is upheld

- Continuity - Managers and leaders should value their people and encourage a team approach. Do staff feel valued and engaged? Is customer service performance recognised and rewarded?
- Creativity - Is a culture of continuous improvement and innovation nurtured and encouraged? In addition, are staff actively involved in this process?

Draft

KEY EVIDENCE

14. Members of the task group considered the views of internal and external customer service experts to identify best practice. The evidence gathered can be separated into five clear themes that merit consideration for the development of a customer service focus across the organisation. They are: the *Vision and Strategy* required to embed customer service; the *Leadership* required to steer a customer focus; how *People* are central to embedding and delivering customer focus; the importance of understanding *Customer Expectations*; and what *Policies and Processes* need to be put in place to support a customer leadership focus.

Vision & Strategy

15. Throughout this inquiry all witnesses have clearly expressed the importance of a customer focussed vision statement, which places the customer at the centre of the organisations culture and ethos. The task and finish group heard evidence from all witnesses that supports this view: -
16. The Institute of Customer Services (ICS) states customer service is about continuous improvement and should feed into an organisations Corporate Plan. People, process, strategy & culture must all be embedded into the Corporate Plan.
17. The Customer Services team at C2C considers that corporate guidelines for good customer engagement are evident within some parts of the Council's front line service delivery, however, the Council's process for managing and improving interactions with internal customers is not characterised by the same level of excellence.

How other organisations achieve customer focussed Vision and Strategy

Welsh Water

18. Welsh Water is a monopoly, with 1.3 million customers. It is a “not for profit” company, where profit is used to keep costs down, and to invest in services and maintenance. The company places customers at the heart of its business. Its vision statement is ‘*We will earn the trust of our customers every day*’, developed following the Chief Executives fully inclusive engagement with staff.
19. Welsh Water is chasing customer-led success and recognises why it needs to change in a world of Amazon delivering in an hour, Apple reading fingerprints and Spotify creating bespoke playlists. Their customers have to understand the value and benefits of the water produced. Welsh Water has amongst the highest water industry charges, but considers it offers good value for money, compared with Severn Trent Water, a company with no coastline, whose annual charges are typically £100 cheaper per annum. Welsh Water acknowledge their biggest challenge, in all parts of the business, is the customer relationship.
20. The company’s key regulator is The Water Services Regulation Authority (OFWAT). It also answers in part to Welsh Government; water is a devolved responsibility whereas sewage is not. This may well change with the introduction of the Wales Act in 2020.
21. Welsh Water identifies its three main challenges to delivering a customer focus as:
- The scale of the operation,
 - The diversity of its staff, and
 - The need for customer focus to be companywide.
22. Welsh Water ‘hard wire’ the vision (*to earn the trust of our customers every day*) into services delivery through KPI’s. There are KPI’s for all parts of the business.

23. The Company's strategy is based on six customer promises, and all long-term plans for 2020 -25 fit under these six promises.

- Clean safe water for all;
- To safeguard the environment for future generations;
- A personal service that's right for you;
- To put things right if they go wrong;
- Fair bills for everyone;
- A more sustainable and prosperous future for our communities.

24. Business Plan enablers include four external, *People & Culture; Process and Policy; Systems; Insight and Reporting* and two internal, *Customer Involvement and Profile Raising*,

25. At a corporate level Welsh Water is breaking down silos, making it safe for staff to speak up. The business has 100 employee engagement champions providing feedback to managers, though the company acknowledges that recruitment of such champions is sometimes difficult.

26. An example of the company's customer focus in action occurred on Boxing Day 2017, when 8,500 properties in Llanrumney, Cardiff had no water. Welsh Water's managing director was filmed onsite making a public apology. There were 14,000 views of social media video updates. Because of such proactive communications, 90% of comments on social media were positive, and the company received just one complaint.

Admiral

27. Admiral's vision is to be '*The market leading claims service*', and as such its strategic priorities are:

- Customer, Customer, Customer;
- Great place to work;
- Business performance;
- Technology & Data.

28. The company considers the vision ambitious but very achievable. Key messages are:

- A compelling positive vision and clear goals;

- Customer, customer, customer – a comprehensive understanding of the customer’s needs and future expectations;
- Communicating the right information at the right time;
- A great place to work - an environment where people enjoy coming to work and can achieve their full potential. Hiring the right handlers and managers;
- Loyalty;
- Teamwork;
- Recognising and rewarding the highest achievers;
- Business performance – minimising claims costs and maximising efficiency;
- Technology and data – investing in technology to drive service excellence and provide real-time business insight.

29. The company has a four-pillar framework for Customer service, to which all the company’s objectives are aligned:

- Communication;
- Equality;
- Reward;
- Fun.

30. The Directors of Admiral aim to create a company culture that makes it a great place to work. The company offers a career, encouraging entrepreneurship amongst its employees. This approach is supported by a strong communications strategy, regular training videos featuring senior management, and by giving its employees shares in the company.

British Gas

31. British Gas has a UK strategy built around the customer. Its ultimate objective is to be a market leading low cost customer experience. The company claims to be in the top quartile of the industry for cost per serve.

32. British Gas has contingency plans in place to address a fast changing market and increasing numbers of competitors. The company has launched Hive, the system with which the customer can control heating and observe pets remotely whilst not at home.

33. The British Gas Plan for UK customer operations includes cultural transformation. This will be achieved by creating and embedding a culture of continuous improvement, breathing life into its values on a daily basis, and empowering its leaders with the capabilities to have quality conversations driven on performance and behaviour.
34. The British Gas mantra is improvement, which is achieved through people; therefore, going forward the company recognises that unions will need to be involved in the customer service agenda.

Leadership

35. An Institute of Customer Service report '*The Customer Service Dividend*' published in December 2017 identified eight key enablers for customer focus facilitating improved performance. These are leadership, employee engagement, insight, customer experience design, consistency, relentless focus on problems and complaints, effective measurement, innovation and continuous improvement. At the top of the list is Leadership. The report concludes that organisations need to maintain consistent focus, benchmark performance and continuously develop in these eight key enablers of effective investment in customer experience, and there are a number of key actions that can facilitate this:
- Ensuring that there is appropriate customer experience, expertise and accountability at senior management level;
 - Setting customer experience measures which reflect the organisation's purpose;
 - Signalling a strategic commitment to customer service by including customer experience strategy and results in annual reports and accounts.
36. For Cardiff Council, leadership in customer service is both political and operational. Strategic direction and political goals are delivered by the Leader and Cabinet, supported by the operational senior management team, led by the Chief Executive. Having heard a broad range of evidence the task group

considers effective customer service starts with the clear enunciation of a customer service vision, starting at Leader and Chief Executive level.

37. Members consider a step change may be required to raise the profile of customer service across all management roles. The Council's new senior management structure bringing together all visible services is considered by the Chief Executive to be a step in the right direction.
38. There is a need for a broader customer service role at senior management level to ensure consistent adherence to customer service standards. The current role of Assistant Director Customer Services and Communities includes C2C, the Council's Website, CCTV, the Alarm Receiving Centre, and Rent Smart Wales. It does not have a council-wide customer service role, enforcement powers or responsibility.
39. The task group considers that silos can exist in large organisations, and this is the case at Cardiff Council. To break them down requires an authority that currently the Customer Services team at C2C does not have. The Chief Executive has a major role in making this happen.
40. Members consider there is potential for a comprehensive programme of customer-focussed projects led by the Chief Digital Officer and sponsored by the Chief Executive. Such a programme could look at, for example, departments developing customer strategy and standards, customer service training, measuring good customer practice, and social media. However this would require C2C holding a customer service governance mandate, and there are structural and leadership implications that would need to be addressed for this to happen.
41. Members consider that where it becomes evident that a service would benefit from C2C's customer expertise, a service area review of customer service effectiveness could be undertaken. This would clearly require resources.
42. There are pockets of good customer service that could share their expertise across the organisation. This could be achieved via a network of customer champions. Members note that a network already exists in the Cardiff

Ambassadors network which might be developed to embrace the customer service vision.

43. To achieve a change in customer service culture there may be change management issues in some service areas where there is room for improvement. Senior managers are key to supporting service area interactions with the customer and where there are change management issues, there are individuals and a cohort of middle managers capable of taking on the customer agenda.
44. The Assistant Director Customer Services and Communities advised Members it would be advantageous for customer leadership training to focus on all levels of the organisation, starting with directorate and team leaders.

People

45. Members have heard from all witnesses that the right **culture** and excellent staff engagement is central to delivering effective customer service, whatever service the organisation is delivering. The right culture will be characterised by managers who understand they are **accountable** for customer service, and by **training** staff at all levels in skills required to deliver the organisations vision for its customers.

Culture

46. The Customer Services team at C2C considers it important to offer an innovative service, and are trying to inject their values across the organisation. C2C is a member of the Welsh Contact Centre Forum, and last year was nominated call centre of the year having previously won a major staff engagement award the year before. .
47. This level of focus on customer service is not shared consistently across the Council; however, there are pockets of excellence in customer leadership. The Customer Service team acknowledges that there are Council services that do not always handle customer enquiries with the same level of customer service expected at C2C.

48. Members endorse the customer service ethos at C2C, and recognise that it is not endemic across the organisation. They consider it important that a customer service ethos permeates from the Operational Manager level.
49. Whilst there are good examples of teams turning customer culture around, such as Highways, which is a good case study, there is an issue of consistency of customer service within the Council. Members report that some service area written responses to a Member enquiry on behalf of a constituent could not be sent to the constituent directly.
50. All service areas have their own ethos and culture. Therefore, in reviewing customer expertise across the organisation the Customer Services team consider it will be important to separate customer service from other issues.
51. There is an opportunity to share expertise, culture and training by inviting customer-facing staff from other service areas into the C2C environment for a period of secondment and training.
52. The Customer Services Team believe front line staff must be empowered to resolve customer service issues. The Cardiff Ambassadors programme and Cardiff Managers training, are initiatives that could be used in developing a customer culture.
53. The Cardiff Ambassadors network needs a refresh and the Customer Services Team feel there is an opportunity to engage more closely at the Operational Manager level to ensure they become involved in the programme.

How other organisations achieve customer focussed culture:

British Gas

54. In June 2017, British Gas invited all staff to take up a development opportunity to become energetic, engaging and passionate people. Their aim was to bring the

company's values to life through its people. Three hundred volunteer Values Ambassadors were trained in the organisation's values, and asked to share their experiences with over a thousand colleagues.

55. To embed its customer service culture across the organisation British Gas has introduced the MAGIC (*make a good idea count*) staff engagement programme. It encompasses customer strategy, campaigns, and stakeholder commitment to develop ideas. Ideas from employee interactions with customers are posted on the MAGIC group site, supported and developed in collaboration with colleagues, and tracked by the MAGIC team, who work with stakeholders to make the idea a reality. If the idea is successful, a senior manager presents the employee with a framed certificate and a gift voucher. MAGIC applies equally to field engineers. The scheme means customer interactions are improved and employees feel empowered. MAGIC has a strong recognisable brand identity, continuity across all communication platforms, focuses on collaboration and connecting people with a modern look and feel, and is used visually on digital signage and posters across sites to embed culture. It is important to demonstrate that senior leaders endorse the MAGIC scheme

Admiral

56. Admiral Group, one of the UK's largest private car and household insurers, is Wales only FTSE 100 company, based in Cardiff. It has a £5bn turnover and the company was happy to share its expertise for embedding customer culture and leadership with the Council. Admiral Group was launched in 1993. Its customer base has increased from 1.49 million in 2007 to 5.15 million in 2016. The last 2 years has seen an increase of 66%. Key to its success is a customer focussed culture achieved via:

57. Good communication - all messages to staff are consistent and clear. Admiral considers that it offers a good product, focussed on the customer and its business performance. Offices are all open plan. There are no barriers between

levels of seniority. The company breaks down silos with monthly workshops bringing customer services, renewals, sales and claims departments together.

58. Reward and recognition – central to Admiral’s culture is the reward and recognition of staff. “Please” and “thank you” are important. There are internal incentive plans, the Chief Executive’s awards, and free fruit is available to employees throughout the day.
59. Admiral has a culture of “no blame” and openness. The company is considered a developmental environment. Fun half-day team afternoons take place four times a year.
60. Employees are encouraged to feel empowered and a change programme is in place. Admiral management encourage staff to raise issues. The company believes a customer culture results from multiple actions not one thing. Admiral considers that its approach is transferable to any business.

Accountability within Cardiff Council

61. The Customer Services team (C2C) has observed a lack of responsibility for customer service excellence in some areas of the Council, and highlights a need to be clear that all management teams are accountable. The team consider that Operational Managers must acknowledge the importance of a positive experience to the customer when using council services, and that achieving a positive experience requires a hands on management approach.
62. Managers have the power and the opportunity during performance development reviews to say that they have concerns about individual behaviours. It is important that such conversations are consistent across the organisation and that focus is given to the expected behaviours detailed in the Employee Charter, including customer service behaviours.
63. The Customer Services team (C2C) consider it is important that Operational Manager are accessible and engaged with their staff. When staff are actively

disengaged, senior management must ask how it is being addressed. Customer service in Libraries has been turned around with a management focus on customer service. When an agent or a frontline member of staff is overheard dealing with a customer in a less than customer focussed manner, the manager has a conversation with that individual. A staff focus group has been introduced to re-enforce good customer behaviour.

How other organisations deliver customer focussed accountability:

Admiral

64. Henry Englehart's Seven Principles of People Management are key to being a manager in the Admiral Group. They are:
- Put yourself in the place of the people you manage.
 - Remember your targets, but keep in mind that very few of them will be met without the effort of those you are managing.
 - Get out of your chair
 - Never forget how important you are to the people you manage
 - Pitch in and help. Do not do everything, but do not automatically delegate.
 - Communicate, communicate, communicate. Feedback, feedback, feedback.
 - Leave your ego at the door when you come in each morning

Training

65. Members heard that across the Council there is often a management fear of having challenging conversations when they are necessary. The Senior Management Team recognises that managers need to practice difficult conversations. If a team member needs to be spoken to on an issue, such as improving his or her customer service approach, the conversation may require a change of tone. It is important that interactions between manager and employee are based on respect. If they are not then managers may need to be challenged to establish how they are speaking to staff.

66. The Customer Services team at C2C consider that recruitment is important. C2C are creative within the Council's recruitment policy. Candidates attending C2C for interview experience an enthusiastic introduction to the contact centre from the point of arrival for interview. Temporary posts are often difficult to fill. Cardiff Works candidates are often considered unsuitable for C2C work, and whilst the contact centre is a part of Cardiff Council, a more suitable calibre of customer service staff can often be sourced externally. C2C considers the policy of taking Cardiff Works personnel might need to be reconsidered. In respect of recruiting Welsh Language agents, C2C engage with fifth & sixth forms across the City.
67. The Council's probationary period for new appointees is 22 weeks, to set expectations and assess whether the new recruit is a good fit with the job. C2C considers the policy of the probationary clock continuing, rather than resetting when staff move from one directorate to another, requires reconsideration.
68. The task group considered that the Council's Corporate Induction training needs reviewing and refreshing with the customer in mind. The onus is currently on service areas to send new starters on induction training. It is not automatic. Members consider the Corporate Induction needs to include a customer service element, and it is important that all new starters attend this training.
69. C2C staff training - on commencing work with C2C new starters benefit from a 3 week, bespoke corporate induction and training package. Time keeping is critical. The C2C induction highlights the benefits of working for the Council, where they fit in, who the service area partners are, and starts building bridges early.
70. Staff at C2C are considered as good as their last customer call. Managers hold monthly one to ones with agents, have weekly team meetings, and focus on development in Personal Development Review conversations. C2C would be content with PDR's quarterly for all grades.

How other organisations deliver customer focussed training:

Admiral

71. The company works hard to get recruitment right first time. It is important to have the right senior management and the right call handlers. Admiral has dedicated managers who are expert at recruitment. New employees receive 12 months of training within a supportive environment. Occasionally new recruits underperform. Where this is the case individuals receive support.
72. Additionally Admiral supports its Managers in pursuit of customer service excellence. Training material containing clear messages recorded by senior managers is uploaded monthly to the company i-learn system.
73. The company has an equal opportunities manager who carries out a corporate health check, and assesses individual employees understanding and commitment to equal opportunities.

British Gas

74. A new Personal Performance and Development Review system aims to embed continuous improvement as "*the way we do things around here*". There is performance related pay and a quarterly bonus system.
75. British Gas uses two key measures to assess agents' skills levels – utilisation and handling time. The company has discovered agents 'over serve', reducing their own capacity but also annoying the customer and leading to longer queues. The customer wants the fastest service.
76. Team leaders listen in to assess and develop staff abilities. The company uses a three-improvement outcome model framework that focusses on customer outcomes. 1. Achieved the required standards, 2. Some

improvement/development required, 3. Customer outcome not met, action required.

77. Apprentice engineers receive a training at the company's academy in Treorchy, placing emphasis on British Gas values. A typical employee's training will include a lot of e-learning, including understanding the customer ethos of the company.

Customer Expectations

78. How the customer chooses to interact with suppliers and demand services is changing, and organisations need to adapt their customer service approach to sustain and improve performance. Consistency of customer experience is key. Similarly, understanding who your customer is and what they expect from the organisation, whether internal or external customers, is critical to successful outcomes. Evidence to support the importance of understanding customer expectations is as follows:

79. Cardiff Council's Chief Executive considers the consistency of the customer experience is important. There is an opportunity to improve the organisation's effectiveness at dealing with service lead officers to address service consistency. Standardisation of customer service, alignment, and a consistent approach to customer service across teams and their leaders is important.

80. It is important that all staff understand who their customers are, whether they deliver a back office function and serve internal customers (eg Members Services; HR, Finance) or external customers (eg adult services, waste management, highways).

81. Silos can affect the consistency of customer service and where this is the case require senior management action. For example if C2C experience issues when dealing with a highways request for service they refer to the senior manager

(Operational Manager Infrastructure and Operations), who will break down silos within his service area to ensure that customer need is the key focus.

82. Members heard from the Operational Manager Infrastructure and Operations that customers are central to the service his team delivers, and has been achieved by:

- leading the customer service approach by example,
- breaking down barriers and silos across the Council.
- introducing Balanced Scorecards, with customer focussed objectives in team plans.
- ensuring staff understand the customer is always right even when they may not be.
- monitoring staff performance to improve customer service.

83. The highways service considers it is important to merge technical skill with a customer focus in staff behaviours. Staff behaviours that are encouraged include:

- no raised voices in an open plan office.
- “thinking about how we do things” - looking at the customer rather than the service first.
- employing competent team leaders.
- wanting staff to come to work happy.
- acknowledging that the 5-minute conversations are important.

84. Considerable effort goes into dealing with the 0.01% of customers that generate corporate complaints.

How other organisations develop a culture of addressing customer expectations:

Admiral

85. The customer is front and centre of everything Admiral does. The DNA code for Admiral is a customer centric model addressing customer culture based on the

following framework; Communication; Right People; Empowerment; Our Customer; Reward and Recognition.

86. Management training in customer care is transferable. Cardiff council officers have been invited to experience Admirals customer leadership approach first hand, by spending time with the company (eg a week at a time). Alternatively, the company has offered to come to the Council to support and advise on customer service training.

British Gas

87. British Gas aims to give customers a reason to choose them. They routinely use NPS (Net Promotor Score) to measure their “first fix rate”, against which the customer is invited to rate them. For clarity, first fix is when a customer query is resolved at the first point of request. British Gas is aware the online customer journey is not always as slick as it should be. Whilst all calls are automatically surveyed by NPS, just 10% of customers will complete the survey. However this level of response is still worthwhile.

Welsh Water

88. In October 2017, Welsh Water’s Board approved a strategy to actively involve the customer in the company’s decision-making and business planning process. This ensures that the company’s plans are increasingly customer-led. This approach requires customer research and customer engagement activity.

89. The company aims to raise its profile with customers to build trust through increased familiarity. Components of this enabler are:

- Campaigns & education(eg media, TV, food fayres/events)
- Customer communication
- Digital customer interactions

90. Welsh Water monitors customer '*painpoints*', analysing what causes customers the greatest pain.
91. Similarly to British Gas, Welsh Water uses NPS to evidence the effectiveness of customer service. The customer is invited to score 1-10 following an interaction with the company, and then is asked whether they would recommend the service. Welsh Water's NPS score has increased over time and it has set targets it is aiming to reach. Importantly, through this approach Welsh Water knows it compares favourably with all other water companies.
92. Welsh Water has 'Trusted Advisory Network' Membership of the Institute of Customer Services (ICS), at an annual cost of approximately £10,000 pa. The business set itself the challenge of achieving excellence/distinction within 3 years, by 2020. Having made a conscious decision to join the scheme 18 months ago, it took six months to complete the initial assessment. It will require commitment. To be competitive the whole organisation has to be a part of the ICS challenge.
93. ICS has assigned a client manager to Welsh Water, requested contact details of staff at all levels, and a sample of customers to contact. Welsh Water would be happy for the Council to view their ICS process map.
94. Welsh Water has found membership of the ICS particularly useful over the last 12 months for benchmarking against other water companies, but also for benchmarking outside of its sector. Within the company, there is respect for the ICS inspectors, who understandably keep their cards very close to their chest in assessing progress to retain impartiality.
95. Having identified that the Council would benefit from support and guidance in its customer leadership journey, the ICS was identified as the professional body that could support such a journey. The task group invited the professional institution to give evidence to assess whether its framework of support could be useful as the Council considers where next on its customer journey. A conference call

presentation provided the following profile of the institution, its services and the benefits of membership:

- The Institute of Customer Services (ICS) is a not-for-profit membership body whose KPI is to raise the levels of customer satisfaction in the UK. It has over 450 members, 80% from the private sector, 20% from public and third sectors, including Councils and more than 4,000 individual members. Additionally the ICS provides secretariat for the All Party Parliamentary Group for Customer Services. ICS membership is growing nationally every day.
- In January 2018 the UK Customer Satisfaction Index (UKCSI) measured customer priorities (based on 10,000 customers, 13 sectors, and 253 organisations), and listed the top 20 priorities as follows:
 1. Competence of staff (in person)
 2. Staff doing what they say they will do
 3. Competence of staff (over the phone)
 4. Helpfulness of staff (in person)
 5. Handling of the complaint
 6. Product reliability
 7. Outcome of the complaint
 8. Attitude of staff
 9. Staff understanding the issue
 10. Helpfulness of staff (over the phone)
 11. Speed of resolving complaint
 12. Product/service quality
 13. Value for money
 14. Friendliness of staff
 15. Ease of doing business
 16. Speed of service
 17. The ease of getting through
 18. Condition of delivered goods
 19. Ease of finding what you want
 20. Price/cost

- This index is published twice a year, and in January 2018, top performers were Amazon, First Direct, Yorkshire Bank, Superdrug and John Lewis. Whilst no Councils appear in the top 20, membership of the ICS provides the potential to benchmark against the best, and several Councils are members including Birmingham and Nottinghamshire.
- The UK customer satisfaction index re-enforces that excellence in customer service starts with employee engagement. Research in 2016 indicated that a one-point increase in employee engagement leads directly to a 0.41 increase in customer satisfaction. ICS believe that improved service levels start with employee engagement.
- As reported in the *Vision and Strategy* section, and the *Context* section of this report, ICS highlight that customer service is about continuous improvement, and as such strongly believe customer strategy should feed into the organisations corporate planning. People, process, strategy & culture must all be embedded in the Corporate Plan.
- In the view of ICS, when an organisation addresses its customer strategy it is important to consider the following:
 - Commitment - Looking at the strategic focus of the organisation and how strongly the vision, mission and values are lived and breathed
 - Capability - Are people recruited and developed against customer-focused competencies? Are people developed, supported and enabled to deliver your service proposition?
 - Consistency - Consistency encourages a 'right first time' attitude, with processes mapped to meet customer expectations
 - Credibility - Credibility is about meeting and exceeding customer expectations. How you deliver on promises and how your brand and integrity is upheld

- Continuity - Managers and leaders should value their people and encourage a team approach. Do staff feel valued and engaged? Is customer service performance recognised and rewarded?
 - Creativity - Is a culture of continuous improvement and innovation nurtured and encouraged? In addition, are staff actively involved in this process?
- The ICS can assist the Council by allocating a Client Relationship Director (CRD). The CRD will organise the following support:
 - Thought leadership – how to lead by example from the top
 - UKCSI: Barometer of Customer Satisfaction
 - Bespoke research and insight sponsoring opportunities
 - Benchmarking & Servcheck
 - ServiceMark accreditation to sustain operational excellence
 - People Development – professional, management and coaching qualifications
 - Critical friend to challenge and advise
 - Networking events and best practice knowledge sharing
 - Measurement tools, plans and support to continuously improve business performance.
- Servicemark accreditation is nationally recognised. It is the UK national standard, which demonstrates an organisations commitment to, and achievement in customer service. An organisation has 6 months to achieve it from point of application. If successful, a 3-year accreditation is reviewed after 18 months. The institute is very supportive of its members throughout the process. Each year they undertake a **Servcheck**, - an assessment tool, which measures employees' engagement with the organisations customer service strategy and measures employee engagement, providing the results. Secondly, they undertake a **Business Benchmark** survey of customer contacts the organisation provides, assessing how customers rate the organisation, priority measures to improve the customer experience. Thirdly, the CRD undertakes an independent assessment and delivers a report with

recommendations for action planning. Servcheck plus Business Benchmarking plus **Assessment** will provide a clear, honest reflection and establish gaps that need to be filled. The Client Relationship Director will advise when the organisation is ready to be assessed. The organisation can set a 5-year plan; there is no pressure to achieve ServiceMark.

- Training people – ICS recommend developing people through its bespoke customer service training. There are short courses and professional qualifications on offer. For the organisation this improves performance, quality and consistency of service, develops a coaching culture and utilises the skills of the trained coaches in other areas of the business, it also rewards and recognises employees.
- With ICS membership comes the training of coaches to deliver ‘ServiceFocus’ in-house training in year one. This training helps embed a consistent approach to customer service excellence across the organisation; focusses on key skills, behaviours, and competencies; motivates and engages employees; is quality assured to Institute standards and includes 1-year individual membership of the Institute for delegates.
- The ICS offers four professional qualifications in customer service that typically take 6-12 months to complete.
- The ICS offers a management qualification, a professional grounding in customer service management 12-month programme for customer service leaders and managers. These are online courses supported by face-to-face days.
- Membership of the ICS can be either ‘Trusted Advisory Network’ or ‘Discovery Roadmap’.
 - A *Trusted Advisory Network* Membership is advised for an organisation that has some of the building blocks for effective customer service in place but is facing a particular set of challenges if it is to embed customer

service throughout its operations. For such an organisation, the business and customer environment is constantly evolving and there is a continuous need to manage the impact of change. This may be dealing with reputational issues that can break quickly in the media and social media, through to simply trying to maintain consistent customer service standards across a complex organisational structure. The Institute can help work across organisational boundaries to create a seamless experience that brings all the pieces together and aligns activity with the strategic priorities. Work will be at a strategic and operational level to ensure that customer service plays a genuine part in creating an advantage for the Council and helps to achieve its strategic goals. The cost of Trusted Advisory membership is £10,000 a year over 5 years. With this membership comes significant people development, specifically two sessions on coaching skills for up to 15 coaches, and two assessor training programme places.

- A *Discovery Roadmap* membership is advised where the organisation understands the importance of offering consistently excellent engagement across the customer journey. In order to sustain service improvement, a clear direction, measurement and accountability are required. It is critical that the Council can demonstrate to its stakeholders the ways in which enhanced customer service positively impacts on its performance and results. With this membership, the Institute will help the Council to develop a comprehensive customer service roadmap and engagement plan that will meet the on-going needs of its customers, create sustained improvements in service and improve results. By understanding the Council's strategy and priorities, it will recommend a relevant blend of insight and knowledge, tools, training and practical solutions that will raise customer service performance levels to meet customers' needs. The cost of Discovery Roadmap membership is £30,000 for 5 years.

- Membership entitles the organisation to attend the Institute's events programme, including an annual conference and customer satisfaction awards to network, and share best practice.

- Importantly the ICS points to key enablers of effective investment in customer experience. They are:
 - Leadership
 - Employee Engagement
 - Consistency
 - Relentless focus on problems, complaints, getting the basics right
 - Insight
 - Effective measurement
 - Customer experience design and processes
 - Innovation and business improvement

- In summary to address customer service excellence the Council requires and ICS offers:
 - Research and Insight - a dedicated Client Relationship Director to work with us to offer guidance, support and challenge to the organisation.
 - Benchmarking - access to a wide range of products and services to benchmark and improve business performance.
 - Accreditation – access to services to develop high performing individuals and teams.
 - People Development - standards, which demonstrate commitment to and achievement in customer service.
 - Networking and Knowledge Sharing (across sectors)

- Members consider the Council is happy to learn from the private sector as well as the public sector, and therefore consider Trusted Advisory Network level Membership of the ICS is the right approach for the Council's needs.

Policy & Processes

96. The customer service experience is supported and enhanced by the policy and processes introduced across an organisation that enable consistency of delivery and sharing of customer insight data. Throughout this inquiry, the task group has

heard that change in the form of the digitalisation of processes is the framework on which the Council's customer service can be improved. Evidence supporting this is as follows:

97. Whilst all customers are different, 95% do not require personal interaction with an agent, they simply need reassurance that their query is being dealt with. It is thought that most Cardiff Council customers will be comfortable with and even prefer to access services digitally, particularly out of hours. However, it is important that there is a fall-back position for those that prefer a conversation with an agent.
98. There is a sense that formality in customer exchange creates work. It is therefore important the Council secures an end-to-end digital approach to service delivery, has better information to hand, and works with partners to join relevant information in one place.
99. It is considered important to deal with the low value requests for service digitally and refer more difficult requests to service areas.
100. The Council already has many front facing digital services, however the back office processing the request for service is manual. For example, almost 70% of parking permits are applied for online, and processed manually. City Operations are currently rolling out improvements to parking machines - smart parking, where the customer can log in and out of an app on their phone and is then billed for actual usage.
101. The digital interface is a key growth area; however, the Chief Executive is clear that digitalisation is not a panacea for achieving excellent customer services across the board. The wide range of council services will make digitalisation a challenge, for there are services such as cleansing, highways and neighbourhood services that cannot be delivered digitally.

102. The Chief Executive considers the performance information published by the Council is good, and will improve further as more robust data customer service information is gathered through digitalisation.

103. The Chief Executive and Assistant Director Customer and Communities consider it is important that ICT and the customer are brought together behind the frontline. How the organisation uses data is important. Different capabilities are required, more trend analysis, forward planning and better statistics.

104. Customer service and digital expertise will need to be developed rather than imposed upon staff.

105. Work is underway to develop the Cardiff App, which will give the Council more control of large customer volumes. The Council is also about to re-launch its web site, which will mirror the App. Some simple transactions will be available online.

How other organisations deliver customer focussed policy and processes.

Admiral

106. Admiral has a technology and data project group. Every month a technical partner spends an hour with managers. The agenda is simply how systems and processes can be improved. The company recognises there is a natural fear of automation, change and digitalisation amongst its employees. However, digitalisation will go ahead, and will provide the company with useful information. The company tackles employee concerns about transformation/digitalisation through designated 'change champions'.

British Gas

107. British Gas point to recent technological advances that have changed the way the company deals with requests for service. The introduction of automated voice has resulted in just 20-30 calls out of 100 being transferred to an operator. This means 70% of customer requests now receive an automated response, which has significant implications for the cost of delivering customer services.

108. The British Gas strategy is that contact centre staff are multi-skilled and can offer all services. The company aims for an 80% resolution of first requests for service. To achieve this the company holds customer data, and through data visioning can advise the agent on the 'next step'. This practice of data visioning to suggest the best next action aims to avoid customers escalating queries.
109. British Gas aims to increase self-service with the introduction of Smartmeters. It currently has 4million customers on Smartmeter.
110. The company's STAR approach to embedding continuous improvement is built on operational improvement and leadership theory. It has four phases – Study (analyse and understand current performance from the customers perspective), Test (design and pilot new ways of working to act on the system and meet the customer purpose), Act (embed and roll others into the new way of working), Review (review and continuously improve again and again). This approach also applies to the back office.

INQUIRY METHODOLOGY

The Policy Review and Performance Scrutiny Committee Customer Leadership task group was charged by the full committee with delivering a report for its consideration. This report uses the evidence gathered by the task group to make key findings and recommendations to the Cabinet of the Council in respect of Customer Service Leadership. To achieve this the Committee's Principal Scrutiny Officer has worked closely with the Council's Customer Services Team to identify appropriate witnesses, and taken a steer from all members of the task group. The task group received evidence from the following witnesses:

Internal Witnesses

Paul Orders Chief Executive;
Isabelle Bignall; Assistant Director Customer Services;
Matt Wakelam, Head of Infrastructure and Operations;
Rachel Bishop, Operational Manager, Customer Services;
Lowri Morris, Assistant Contact Centre Manager, C2C;
Mike Pope, Customer Service Trainer, Cardiff Council.

External Witnesses

Mike King, Head of Claims, Admiral Group;
Mike Mullins, British Gas;
Alun Shurmer, Director of Customer Strategy & Communications, Welsh Water;
Frances Ball, Business Development Manager, Institute of Customer Services.

The primary evidence from witnesses was supplemented by secondary desk-based internet research. Key messages from the research have been drawn to Members attention, and informed questioning during evidence gathering. The key findings and recommendations are the unanimous view of the task group.

Details of all evidence considered by the task group and used in the preparation of this report are contained within a record of evidence that is available for inspection upon request.

LEGAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. Any report with recommendations for decision that goes to Executive/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf 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 of 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

There are no direct financial implications arising from this report. However, financial implications may arise if and when the matters under review are implemented with or without any modifications.

-

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE



Councillor David Walker
Chair



Councillor Rodney Berman



Councillor Bernie Bowen Thomson



Councillor Joe Boyle



Councillor Stephen Cunnah



Councillor Owen Jones



Councillor Norma Mackie



Councillor Rod McKerllch



Councillor Jim Murphy

TERMS OF REFERENCE

To scrutinise, monitor and review the overall operation of the Cardiff Programme for Improvement and the effectiveness of the general implementation of the Council's policies, aims and objectives, including:

To scrutinise, monitor and review the effectiveness of the Council's systems of financial control and administration and use of human resources.

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance and service delivery in this area.

DO RIGHT BY YOU

We promise to:

- ✓ Be polite, helpful and considerate and take time to listen to you / treat you with respect
- ✓ Offer a straightforward, personal and quick customer service experience
- ✓ Consult and engage with community and customer groups to identify customer needs
- ✓ Communicate with you in plain language and avoid using jargon
- ✓ Protect your personal information
- ✓ Treat you as an individual and according to your needs

GIVE YOU A CHOICE WITH HOW TO GET IN TOUCH

We will:

- ✓ Clearly advertise all the ways you can access our services (including face to face)
- ✓ Design services that reflect the diverse make up of Cardiff
- ✓ Ensure social inclusion by giving you a choice in how you contact us
- ✓ Give you a voice on social media or improve / increase how we engage with you on social media
- ✓ Make more of our services available online to use at a time that suits you

GET IT RIGHT

We will:

- ✓ Do what we say we will do
- ✓ Say sorry and put things right if we make a mistake
- ✓ Tell you what to do next if you are not happy with how you've been treated
- ✓ Use your feedback to shape our services
- ✓ Train our staff to the highest standards

HOW YOU CAN HELP

We ask you to:

- ✓ Treat our staff with respect
- ✓ Tell us when something changes and give us the correct information at the right time
- ✓ Give us the opportunity to put things right first
- ✓ Provide us with honest feedback
- ✓ Like us on Facebook, follow us on Twitter, join our citizen panel and participate in surveys and consultations

APPENDIX 2: Institute of Customer Services Membership

Insert link to the Institute of Customer Services Benefits of Membership brochure.

Draft

Draft

Scrutiny Services, Cardiff County Council
County Hall, Atlantic Wharf, Cardiff CF10 4UW
Tel: 029 2087 2296 Fax: 029 2087 2579
Email: scrutinyviewpoints@cardiff.gov.uk