

Infrastructure Services (ADM)

Environmental & PRAP Scrutiny
Members

Full Business Case

15th March 2016

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Purpose of Meeting



- Reminder of Project Objectives and Scope
- Full Business Case Work
- Full Business Case Output
- Service Strategies
- Overarching Strategy
- Next Steps
- Questions

Project Objectives



- To identify and implement the most appropriate future service delivery model to:
 - Reduce operating costs
 - Improve performance
 - Improve customer satisfaction and reduce failure demand
 - Develop income opportunities
- Engagement with key stakeholders (Members, Unions & Staff)

Services in Scope



Directorate	Service Area(s)
City Operations	<ul style="list-style-type: none"> ●Waste Collections (Commercial and Residential) ●Street Cleansing ●Waste Treatment and Disposal ●Waste Education and Enforcement ●Pest Control ●Parks Management and Development ●Highways Operations ●Highways Asset Management ●Infrastructure Design and Construction Management
Resources	<ul style="list-style-type: none"> ●Central Transport Services ●Hard Facilities Management ●Soft Facilities Management Cleaning ●Soft Facilities Management Security
Economic Development	<ul style="list-style-type: none"> ●Projects Design & Development

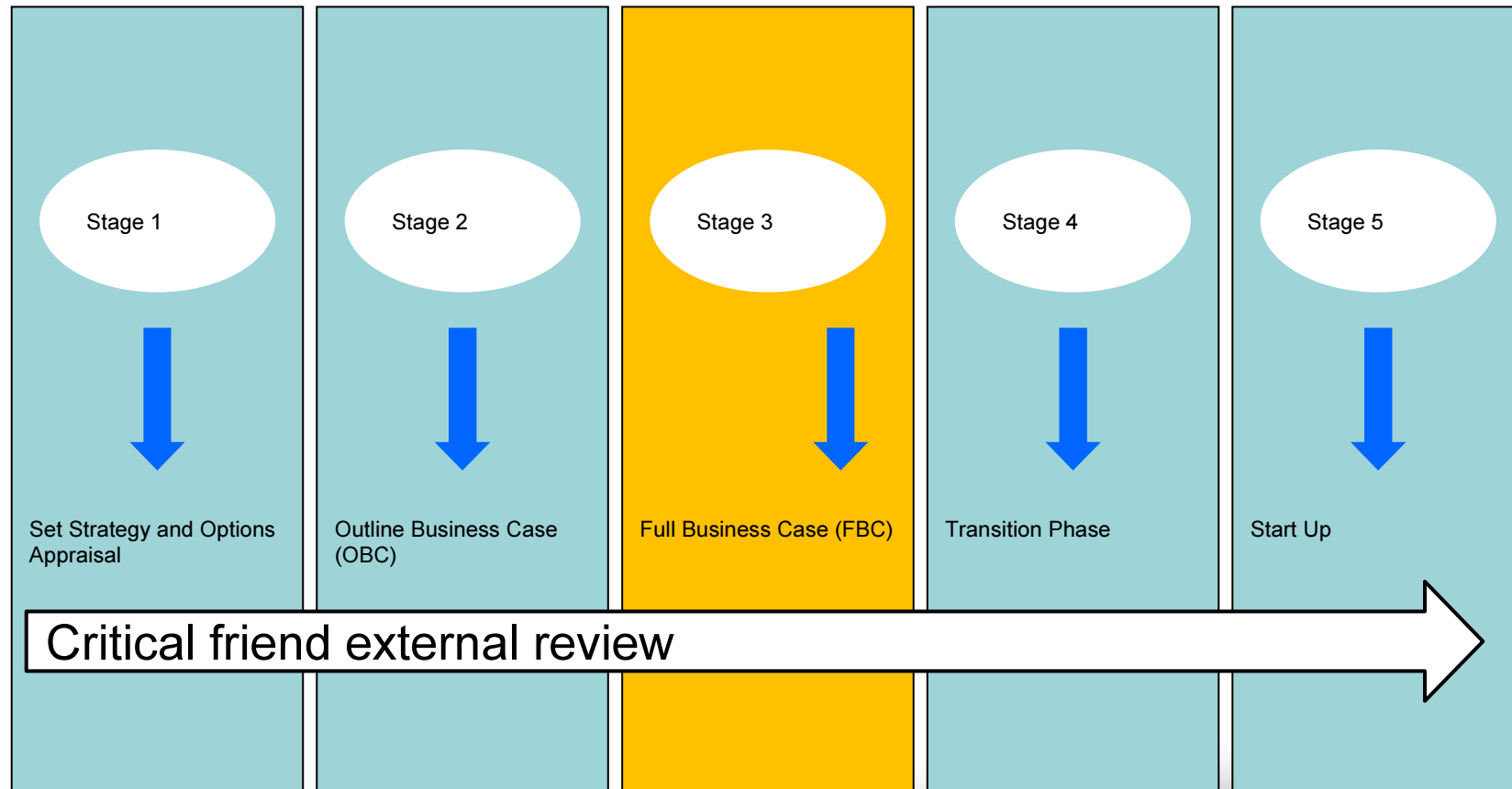
14 services; c.£73m turnover; c.1300 FTEs

Updated Timeline

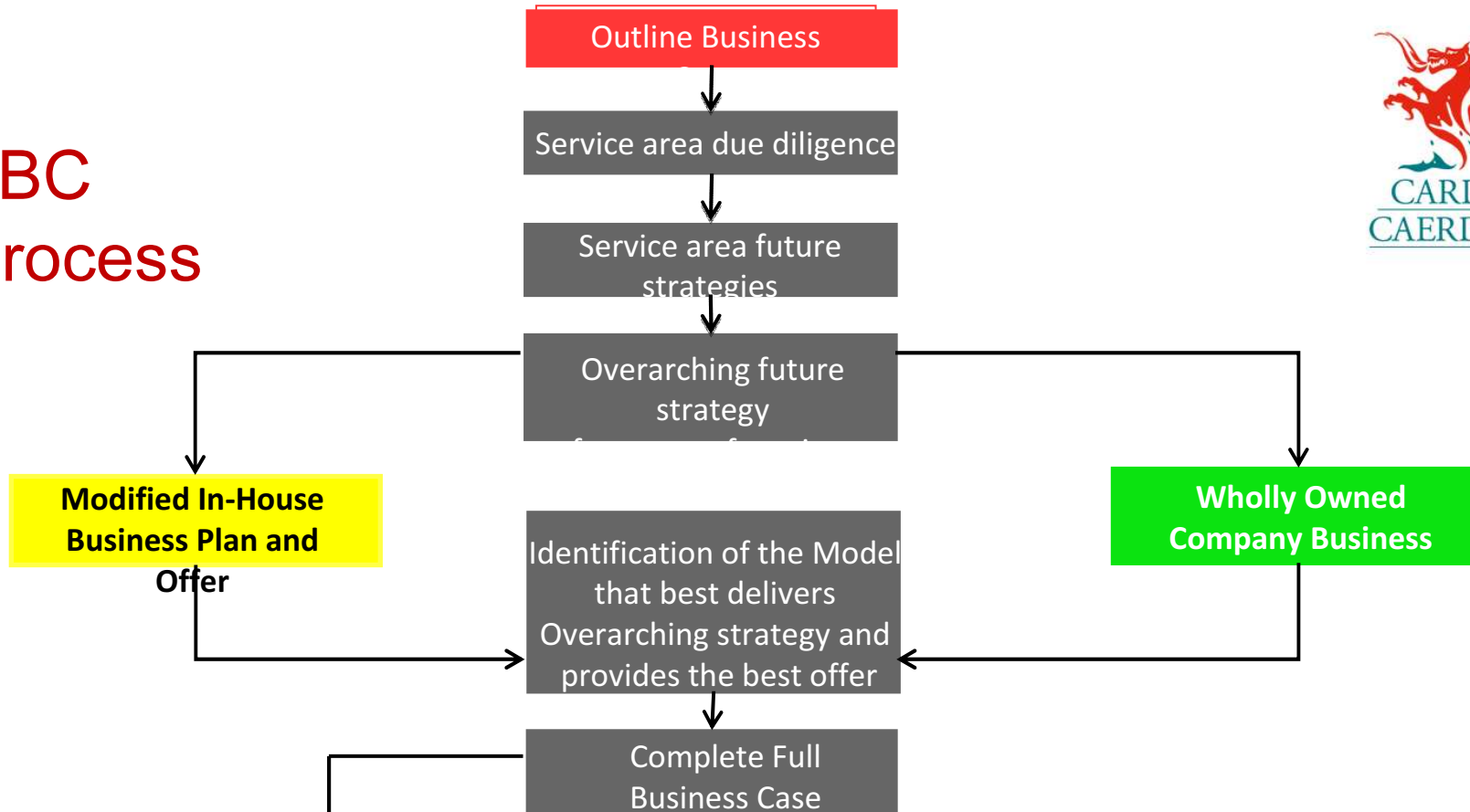


- Finalise Business case and Recommendations
- Pre-Cabinet Scrutiny – 12th May
- Cabinet Meeting – 19th May
- Council Meeting (as required) 26th May

Where we are in Gateway Process



FBC Process



FBC Appraisal Work



- Completion of Due Diligence
- Income analysis
- Review of potential insourcing opportunities
- Enterprise Architecture and IT assessments
- Preparation of future service strategies
- Detailed financial analysis
- Detailed comparison of Modified In-House and WOC (Teckal) Models to determine preferred way forward
- Legal considerations in respect of a (Teckal) WOC should it be established
- Corporate and Social Responsibility with Workforce Planning
- Stakeholder Engagement

Stakeholder Engagement



- Stakeholder engagement critical
- Communications Strategy and Plan
- Weekly 5 hour Union meetings – 17 to date as part of FBC
- Regular updates to Staff
 - Single e-mail address established
 - Post boxes at Depots/Main buildings for non e-mail users
- Frequently Asked Questions sheet
- Staff involved in preparation of Service Strategies
- Project Ambassadors
- FBC Board monthly
- Project Director roadshows in March for Q & A sessions

Key Stakeholder Messages



- Current operating model isn't affordable or sustainable
- One strategy for future delivery of services
- Both models being appraised in the Full Business Case analysis are Council owned – there is no outsourcing option
- Equal effort is being put into appraising both models
- WOC T & C's would be the same as Councils
- Income must be increased to offset costs
- Therefore, we must be more commercial
- Change is required! There is no As-is!

Cardiff Debate Feedback



- *Q45. Would you have any concerns if Council maintenance activities (including highway maintenance, recycling services, cleansing, grounds and parks maintenance) were managed by a company fully owned by the Council to increase trading opportunities rather than the Council to run such services directly?*
 - 42.4% of respondents indicated that they would not have concerns
 - 28.6% of respondents indicated that they would have concerns
 - 29.0% of respondents indicated that they were ‘not sure’

Service Challenges and Opportunities - Common Themes



- There is no clear pricing strategy for most services for either for internal or external customers
- Low commercial understanding of costs in relation to performance and resource capacity
- Increasing level of outsourcing without evidence of competitiveness or operational rationale
- Lack of strategic direction in some services
- In terms of employee matters:
 - Improving Attendance in some areas
 - Reliance on Agency Workers in some areas
 - Limited workforce planning, and
 - Some good examples apprenticeships or links with young people agenda
- **These challenges are all significant opportunities**

Service Strategies



- OM's have prepared 3-5 year strategies for services in scope
- Service Area teams engaged in strategy preparation
- Strategies consider opportunities for efficiency, insourcing, collaboration, trading and enhancing social value
- Strategies challenged by Project Team, Unions and externally by People Too and Local Partnerships
- Draft summaries have been prepared for incorporation into Scrutiny and FBC document

Individual Service Strategies



- Future strategy for each service in scope prepared
- Process led by OM's in conjunction with service employees, Project Team, Finance and support from People Too.
- Strategies shared with and challenged by Unions
- Strategies externally challenged by Local Partnerships



Ambitions for Overall Strategy

- Meet Council's financial needs avoiding material service reductions to customers
- Increase operational efficiency and service resilience
- Create a more positive environment for staff by net increased employment and investment in training and development
- Increase customer engagement and satisfaction with services
- Increase operational efficiency and service resilience to build capacity;

Ambitions for Overall Strategy ..cont.d



- Establish a clear pricing strategy for external and internal customers;
- Improve the commercial understanding of costs in relation to performance and resource capacity
- Re-direct third party supply chain spend back into the Council where it is cost effective to utilise existing capacity and increase capacity through operational change;
- Create Social community benefits through employment for vulnerable groups within our community
- Enable Cardiff to become an innovation exemplar for Wales.
- Collaborate with neighbouring authorities at service specific level or more broadly

Principles of the Overarching Strategy



Service Strategy Example - CTS



Fleet Services Road Map	2016/17	2017/18	2018/19	2019/20	2020/21
Operational Improvement	ICT Fleet Systems	Vehicle Maintenance standards. Extend opening hours			
	Productivity				
	Fleet Utilisation				
	Fleet Hire				
	Business Admin Centralise	Fleet re-specification and replacement			
	Transport Co-ordinators changed	Plant control Apprenticeships			
	Procurement				
	Service Users: Fuel Management, Driver Improvement				
Insourcing		Consider bringing back RCV maintenance	Body shop repairs, Hydraulic Hoses, Jet wash, Authorised Testing Facilities Lanes, Loler Testing		
Collaboration	Explore Vale of Glamorgan	Fleet management regional approach	Wider public sector fleet maintenance partnership including depot rationalisation		
Trading	Short term: MOT repairs, Days rental, Royal Mail overflow, Council employees, Public, Taxis	NHS Contract Bid; Fabrication expansion	Wider public sector fleet maintenance partnership including depot rationalisation		
Phase 2 Services		Passenger Transport	Regional Transport Hub		

Service Strategy Example – Commercial Waste



Commercial Map	2016/17	2017/18	2018/19	2019/20	2020/21
Operational Improvement	Improve operational efficiencies				
Collaboration	Explore partnership with other neighbouring authorities - take on their commercial service for a share of the profit (Overlaps with previous savings - this is an either or option)				
Trading in Cardiff	Continued growth in Commercial Trade within Cardiff				
	Commence setup of FEL Service in Cardiff	Progress establishment and grow FEL Service in Cardiff			
Trading outside of Cardiff	Grow commercial waste business outside Cardiff boundary	Continued growth of commercial business outside of Cardiff boundary			
	Commence setup of FEL business outside Cardiff boundary	Progress establishment and grow FEL service outside of Cardiff			

Service Strategy E.g – Neighbourhood Services



Neighbourhood Services Road Map	2016/17	2017/18	2018/19	2019/20	2020/21
Operational Improvement	<p>Phase 2 Neighbourhood Services consolidation, synergy and efficiency improvements</p> <p>Implement new enforcement powers as approved by Cabinet</p>	<p>Introduce mobile working technology</p>			
Insourcing	<p>Insource tree management</p>				
Collaboration	<p>Explore and undertake collaborative working with adjacent authorities</p>				
Trading	<p>Explore and progress trading with Schools and adjacent authorities on grounds maintenance, plant production, tree maintenance etc</p>				
	<p>FPN service to supplemented by external support</p>	<p>ADM's for Outdoor Sport</p>			
		<p>Establishment and operation of 'vehicle' for FPN trading/collaboration</p>			
		<p>Progress trading in niche services (e.g. tree management) and also other services (grounds maintenance, cleansing, etc</p>			
Phase 2 Services		<p>Bereavement Services</p> <p>Neighbourhood Management</p> <p>Housing</p>			

Service Strategy Example – Hard FM



Hard FM Road Map	2016/17	2017/18	2018/19	2019/20	2020/21
Operational Improvement	Prepare zero base budget				
	Improve Productivity				
	Develop and introduce mobile working technology				
	Improved Building Maintenance framework				
Insourcing	Insource statutory maintenance work				
	Insource building maintenance work				
Collaboration		Explore collaboration opportunities with adjacent authorities			
Trading	Increased trading with Shools	Explore trading with other external organisations			
Phase 2 Services		CMS			

Proposed Service Clusters



Waste Services	Commercial and Domestic Waste Collections, Waste Treatment and Disposal.
Neighbourhood Services	Parks, Cleansing and All Enforcement
Total Facilities Management	Building Services, Security and Cleaning, Pest Control
Fleet Services	Fleet Services
Consultancy	PDD, Highways and Landscape
Highways	Asset Management, Engineering and Operations

Cross Cutting Service Strategies



- Building internal capacity through cost control
- Organisational and cultural change and branding
- Building capacity – social value and training academy
- Creating the environment for trading and commercial activities in all services
- Seeking out collaboration – all service clusters
- Other financial efficiencies
 - Agency contract review
 - Improvement in attendance
 - Service integration
 - Procurement
- Accountability for service delivery

Possible Future Opportunities Include:



- Alarm Response Centre (ARC)/Security
- Energy
- Bereavement Services
- Catering
- Passenger Transport
- CMS
- Others may have potential not yet identified

The Requirement for Change



- Commitment at all levels of the Council
- Operational autonomy and delegated authority
- Strong management team with capacity and right skills
- 3 to 5 year strategy giving a longer term view
- Portfolio approach to savings, income and risk
- Accountability, obligation and responsibility for delivering benefits
- Creation of environment for collaboration and extended trading
- Strong commercial focus starting with understanding of costs, performance and delivery specification and then opportunities to grow through third party spend insourcing, trading and collaboration.
- **Conclusion - there is a need to bring all the services together under the right management regime that has autonomy to drive through organisational and cultural change within and across all services, and at a pace that will provide momentum to continuous and sustainable improvement for the benefit of the Council.**

Information for Future Meetings



- Detailed financial analysis
- Position regarding a Modified In-House and TECKAL based Wholly owned company and Proposed service and governance arrangements
- Proposed transition arrangements
- FBC document and Cabinet report

Next Steps



- Ongoing stakeholder engagement
- Presentation of strategy to scrutiny committees & Informal cabinet
- Complete financial analysis and undertake risk assessment/sensitivity analysis
- Complete FBC analysis
- Report back to SMT and Informal cabinet



Questions?