

Ref: RDB/PM/BD/15.03.16

11 April 2016

Councillor Bob Derbyshire,
Cabinet Member for the Environment,
County Hall,
Atlantic Wharf,
Cardiff,
CF10 4UW.



Dear Councillor Derbyshire,

Environmental Scrutiny Committee – 15 March 2016

On behalf of the Environmental and Policy Review & Performance Scrutiny Committees' I would like to thank the officers for attending the Committee meeting on Tuesday 15 March 2016. As you are aware the meeting considered items titled 'Infrastructure Services – Full Business Case Strategy Briefing' and 'City Operations Directorate – Performance Report Quarter 3 – 2015/16'. The comments and observations made by Members following this item are set out in this letter.

Infrastructure Services – Full Business Case Strategy Briefing

- **Collaboration** - The documents provided for the scrutiny of the 'Infrastructure Services – Full Business Case Strategy' made several references to collaboration. Officers provided a brief explanation on what this could mean and confirmed that very high level discussions had taken place with senior officers from neighbouring authorities. I would be grateful if you could detail the collaboration opportunities which have been identified during the project and explain any actions which have taken place to develop these. Further to this the Committee would like to understand the impact that Welsh local authority reorganisation might have on both of the potential new business models; for example, the consequences of a potential merger with the Vale of Glamorgan after the creation on an wholly owned arms length company.

- **ICT** - During the meeting much emphasis was placed on the importance of introducing modern and relevant ICT into many of the services within the scope of the Infrastructure Services – Full Business Case. In particular the urgency of implementation was stressed as it appears that during the period of the project very little progress has been achieved. Discussion during the way forward concluded that purchasing successfully established off the shelf packages was a far better approach than developing our own in house systems. To add support to this I would like to re echo Recommendation 2 of the task group report titled ‘Infrastructure Business Model & Alternative Delivery Options’ which along with the Cabinet response is attached to this report as **Appendix 1**. The Committee still supports the message of Recommendation 2.
- **Central Transport Services ICT** - When discussing implementation of ICT into the services within the scope of the Infrastructure Services Full Business Case reference was made to the difficulties experienced by Central Transport Services. Despite a two to three year exercise to develop an in house solution it now appears that the Council is in the final stages of commissioning an industry recognised fleet management software package. The Assistant Director for City Operations explained that a new fleet management package would be approved within weeks; therefore, I would be grateful if you could:

 - Provide the Committee with a timeline for completing the procurement exercise for the new fleet management system along with a forecast for full implementation;
 - An explanation of why after such a long period of development the Council has decided to abandon the creation of an in house fleet management system given the poor control of accounts and detrimental impacts this has had on other department budgets for many years.
- **Governance** - Members note the scrutiny undertaken by the Policy Review & Performance Scrutiny Committee in December 2015 on the ‘Alternative Delivery Model – Infrastructure Services Building a successful

local authority trading company – Governance Options’. They are keen to ensure that governance arrangements are presented alongside the preferred option when it is presented for pre decision scrutiny in May. In addition to this they would like to stress the importance of building in the need for accountability and business control into future governance arrangements, i.e. individuals are made accountable for service delivery and that key service goals and controls are identified and built into the new contract / service specification.

- **Commercial Internal Directorate** - During the meeting the Trade Union representatives for the GMB, Unite and UCATT put forward the proposal of a ‘Commercial Internal Directorate’; this would remain within the Council and contain a range of services which would be managed with the aim of generating income. At the meeting they asked the Committee to consider the ‘Commercial Internal Directorate’ proposals, therefore, I have written to them individually asking that these are made available to Members in advance of scrutiny of the Infrastructure Services – Full Business Case on the 12th May 2016. In addition to this I have asked that they clarify any assumptions made as a part of the Infrastructure Services – Full Business Case that they do not agree with; again the same timescale applies. Members feel that it is important to consider all suggestions and view points before the Council takes such a significant decision. I will make sure that you are provided with copies of any documentation submitted by the Trade Unions on the ‘Commercial Internal Directorate’ in advance of the meeting.
- **Income** – It was noted during the meeting that a Teckal based wholly owned arms length company would only be able to generate 20% of its overall turnover from external sources and that internal services currently within the scope of the Infrastructure Services – Full Business Case are currently generating 13% of turnover from external sources. Members felt that the 7% scope for additional externally based turnover was limited and were keen to understand actual value that could be achieved by delivering

the additional 7%. To assist in preparation for the joint scrutiny meeting on the 12 May it help if you could:

- Clarify the actual value that could be achieved by delivering the additional 7% of turnover in a Teckal based wholly owned arms length company;
 - Clarify if it is legally possible to achieve an additional 7% in external turnover through the modified in house option;
 - Clarify if there are any mechanisms which can be used to legally generate more than 20% in external turnover through a modified in house company;
 - Provide Members with any business plans which have been created during project to deliver new business through both the wholly owned arms length company and modified in house options. Sight of any detailed business proposals in advance of the 12 May scrutiny would provide a clearer opportunity of the possibilities surrounding both options.
- **Body Cameras** - Members note that a request was made by Waste Enforcement Officers for body cameras – these it was felt would provide additional protection while carrying out what can sometimes be confrontational work. A trade union representative explained that this request had been rejected; therefore, I would be grateful if you could confirm why this request was turned down.

City Operations Directorate – Performance Report Qtr 3 – 2015/16

- Members note that WMT/009b (the percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled, including source segregated biowastes that are composted or treated biologically in another way) is still rated as ‘Amber’ despite officers being confident of reaching the 58% statutory target for 2015/16. They accept that this important performance indicator has to remain an ‘Amber’ risk until the target is met and acknowledge the delay caused by verification of the actual result. They hope that the officers confident outlook is well

placed and will continue to closely monitor the outcome of this statutory performance indicator.

- The overall Council total (Head Count) of staff eligible for PPDR completion reduced from 6,230 at the end of Quarter 2 to 5,792 at the end of Quarter 3; this was a reduction of 438 staff eligible for a PPDR. During this period City Operations reduced from 1,387 at the end of Quarter 2 to 1,328 at the end of Quarter 3; a reduction of 59 staff eligible for a PPDR. I would be grateful if you could clarify the reason for this reduction in staff eligible for PPDR.
- Some of the Members were concerned about litter levels in Cardiff. I would be grateful if you could provide the Committee with LEAMS results for all of the Cardiff wards for 2014/15 and 2015/16.
- Members note that when the City Operations Quarter 3 Performance report mentions Household Waste Recycling Centres it states that:

'Phase 2; Charging for non-residents commenced on the 2nd Jan 2016, potential North Cardiff sites have been identified, the delay in the decision due the Call-in has resulted in the project running approx. 6 months behind the original schedule, the project is running on track for the revised schedule'.

I would be grateful if you could explain how an item which was initially received at Cabinet on the 16 July; Called in on the 20 July; subject to the actual Call-in on the 26 August and reconsidered by Cabinet with a recommendation to take the project forward on the 1 October could create a six month delay. By my calculation this period covers 76 days which is significantly shorter than the six months (approximately 180 days) mentioned and cannot be ascribed wholly to a Call-in in my view.

I would be grateful if you would consider the above comments and provide a response to the requests made in this letter.

Regards,

A handwritten signature in black ink that reads "P. D. Mitchell". The signature is written in a cursive style with a large, stylized 'M'.

Councillor Paul Mitchell
Chairperson Environmental Scrutiny Committee

Cc to:

Councillor Bob Derbyshire, Cabinet Member for the Environment
Councillor Nigel Howells, Chair of the Policy Review & Performance Scrutiny
Committee
Andrew Gregory, Director of City Operations
Tara King, Assistant Director of City Operations
David Lowe, Waste Operations Manager
Paul Keeping, Operational Manager, Scrutiny Services
David Marr, Interim Monitoring Officer
Angie Shiels, GMB
Robert Collins, UCATT
Mohamed Hassan, UNISON
Ian Titherington, UNISON
Harris Karim, UNITE
Jim Pates, UNITE
Thomas Watkins, UNITE
Members of the Environmental Scrutiny Committee
Members of the Policy Review & Performance Scrutiny Committee