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26 January 2017

Councillors Bob Derbyshire & Graham Hinchey,
Cabinet Members,
County Hall,
Atlantic Wharf,
Cardiff CF10 4UW.



Dear Councillors Derbyshire & Hinchey,

Environmental Scrutiny Committee – 10 January 2017

On behalf of the Councillors of the Environmental Scrutiny Committee and Policy Review & Performance Scrutiny Committee I would like to thank you, Councillor Hinchey and the officers from Commercial & Collaborative Services for attending the meeting on Tuesday 10 January 2017. As you are aware the meeting considered an item titled “Commercial & Collaboration Services – Progress Update”. The comments and observations made by Members following this item are set out in this letter.

The presentation indicated that much work has taken place to improve and reshape services since the creation of Commercial & Collaboration Services in June 2016. In particular significant focus has been applied towards Fleet Services, Total Facilities Management and Recycling & Waste Services. This letter will address each of these services individually and also provide comment on the service as a whole.

Fleet Services

The Committee felt that in a relatively short period of time significant improvements had been achieved in Fleet Services, in particular:

- Members welcome the implementation of the Civic Tranman fleet management software; they believe that this system will be a vast improvement to the card and spreadsheet systems previously used. They are confident that it will create significantly better financial control across

the service. The Committee has long viewed the introduction of such a system as vital and have previously identified it as a critical element in improving service standards.

- The Committee were very pleased at the progress that has been made in terms of balancing the budget. At the time of the meeting the service was anticipating a budget overspend of £24,000, however, they were confident of achieving a balanced budget by the end of the financial year 2016/17. This is a significant improvement when compared to the £1.76 million overspend which was achieved in 2013/14 and suggests that huge improvements have been made in a relatively short period of time.
- It was pleasing to see that the vehicle utilisation programme has already started to deliver savings against a two-year savings target of £400,000. Gaining a better understanding of how Council vehicles are actually utilised has meant that the service has been able to reduce the Council fleet by 23 vehicles – this is seen as a positive step forward in terms of both savings and effective resource management.
- The Committee welcomes the introduction of zero-based budgeting and cost pricing model into Fleet Services. This was something that was advocated during recent scrutiny of the Infrastructure Services project. The approach ensures a better understanding of costs which is essential for driving commercial improvements. We would encourage you to roll this approach out to the other parts of the Commercial & Collaborative Service as a priority.
- It is clear that much work has taken place to identify the actual capacity and capability of the service – Members believe that this has been an important step. For example, gaining a better understanding how much of the workshop is actually used has created new income generation and partnership opportunities which we previously didn't realise existed. This is a really positive step which means that in future the service will be better placed to “sweat our assets”.

- It was pleasing to see that the efficiency improvements were helping to create new income opportunities for the service. The Committee look 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.

Total Facilities Management

The Committee felt that in a relatively short period some improvements had been achieved in Total Facilities Management, in particular:

- Members welcome the approval to start the installation of the RAMIS system in early 2017. They felt that this much needed property maintenance system would provide an essential single point to consolidate property data from across the whole Council estate. They hope that this new system will accurately log the condition of buildings and create an efficient schedule of work which will ensure that we properly maintain our buildings while meeting our statutory requirements.
- They felt that the increased focus on income generation was welcome. In particular they were pleased that the service is focusing its attention on gaining back lost business from schools. They are a significant potential customer, and winning back business from the 29 opted out schools will go a long way towards making the service a commercial success. To ensure that this happens the service must work hard to raise standards, improve customer service, continue to build relationships and make the schools aware of the complete range of services that the Commercial & Collaborative Service provides.
- They were pleased that Pest Control had managed to increase its income by simply ensuring that all Council services used the team instead of paying for external options.

- The Committee welcomes the projected budget surplus of £102,000 for the financial year 2016/17. This was viewed as a positive achievement given the recent changes to the service.

Recycling & Waste Services

The Committee felt that in a relatively short period some improvements had been achieved in Recycling & Waste Services, in particular:

- Members note that the sickness levels within Recycling & Waste Services are high. They accept that some improvements have taken place, however, they will monitor future performance closely and hope to see further improvements to service sickness levels.
- Members were pleased that the service is progressing with further ICT procurement of in cab and mobile working solutions. They hope that the new systems will improve efficiency and help avoid “failure demand”.
- The Committee notes that Recycling & Waste Services have achieved first quartile performance within a series of key APSE efficiency indicators. This was viewed as a positive step for the service.
- That the Commercial Waste Service has continuously increased its income levels during 2016/17, for example, they have recently won a contract for dealing with Commercial Waste from the Millenium Stadium from BIFFA. Members see this improvement as a positive trend.
- Members were pleased to hear that a new ICT system called ‘White Space’ had been implemented by the Commercial Waste Service. I would be grateful if you could provide the Committee with additional information about this system along with an explanation about how it works and the benefits that it provides.
- During the meeting the Committee were reminded of some of the proposals and opportunities which could possibly arise as a result the new Welsh Environment Act. Once again I would reiterate the importance of

Recycling & Waste Services being prepared for the changes and opportunities created by this new act.

- The Committee is encouraged that Recycling & Waste Services anticipates delivering a balanced budget during the 2016/17 financial year and that it is on target to meet all statutory recycling targets for the same year.

Commercial & Collaborative Service - General Comments

- **Apprenticeships** - Members welcome the creation of new apprenticeships within the service. They provide young people with good training opportunities, help balance out the age profile of the services and ensure that valuable experience is maintained within the services in the long term.
- **Sickness** – Members acknowledge that sickness rates have improved since the creation of the Commercial & Collaborative Service, however, still believe that there is significant room for further improvement. Both Committees will continue to monitor sickness rates within the service in the usual manner and hope to see ongoing improvement.
- **External Support** – The Committee would like to acknowledge and thank Peopletoo for the positive support that they have provided during the successful launch of the Commercial & Collaborative Service.
- **New ICT Systems** – The Committee is encouraged by the willingness of the new Commercial & Collaborative Service to adopt established third party systems for each of the parts of the new service. They see this a huge step forward in terms of improving efficiency and becoming more commercially aware.
- **Agency Staff** – The Committee was pleased that agency costs had reduced by 13% since the creation of the Commercial & Collaboration Service, however, the overall agency costs were still high. I would be grateful if you could provide a breakdown of agency spend by individual

service within the Commercial & Collaboration Service; this should be supported by an explanation of what can practically be done to reduce the overall agency spend.

During the meeting there was a discussion around the practicalities of offering agency staff who had been with the Council for a long time a permanent position. The feeling was that whenever possible, those who had performed well for an extended period of time (I seem to remember a period of two years being mentioned) should be rewarded with a permanent position. I would endorse this approach as it rewards good performance and could potentially generate savings for the Council staffing budget.

- **Staff Training Opportunities** – Members felt that improvements had been made in the area of staff training opportunities, particularly in Recycling & Waste Services. They felt that this was a positive step which would support both staff development, morale and the Council's ability to deliver the best standards of service.
- **Reverse Selling** – Members were supportive of the idea of reverse selling, i.e. once a commercial relationship has been established with a third party then it seems only sensible to try to extend the trading relationship (where practical and commercially sensible). On this note I would ask that the service doesn't focus exclusively on new customers and acknowledges the value that can be added by strengthening existing trading arrangements.

To conclude this letter I would like to congratulate the Commercial & Collaborative Service for the progress that they have made in a relatively short time. As a scrutiny Chair it is pleasing to see that they have 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 3rd party service delivery software, introducing new training opportunities, focusing on income generation and improving financial control through zero based budgeting.

On behalf of the Committee I would like to thank everyone involved with delivering this improvement and look forward to receiving a further update in six months. I would be grateful if you would consider the above comments and provide a response to the content of 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:

Tara King – Assistant Director, Commercial & Collaborative Services

David Lowe – Operations Manager, Commercial & Collaborative Services

Paul Keeping – Operational Manager, Scrutiny Services

Davina Fiore – Director of Governance & Legal Services

Members of the Environmental Scrutiny Committee

Members of the Policy Review & Performance Scrutiny Committee