

CABINET: 5 JULY 2018

CORPORATE TRANSPORT SERVICES UPDATE

**PORTFOLIO: INVESTMENT & DEVELOPMENT
(COUNCILLOR RUSSELL GOODWAY)**

AGENDA ITEM: 8

Reasons for this Report

1. To report progress in relation to the implementation of the previously approved Corporate Transport Services Improvement Programme designed to secure improvements in the way the Council manages, operates and maintains its transport fleet.
2. To seek Cabinet approval to explore public/private partnership options designed to generate additional revenue streams through the optimum use of existing capacity within Council owned workshops.
3. To seek Cabinet approval for proposals relating to the Council's civic fleet and, in particular, interim arrangements for the maintenance and storage of the Rolls Royce Phantom V and the future use of its KG 1 registration plate.

Background

4. Since 2009 Corporate Transport Services (CTS) has provided and maintained a fleet of over 700 vehicles and plant used to deliver council services. CTS provides vehicles to service areas ranging from a variety of cars, vans and minibuses to specialist fleet such as civic vehicles, refuse collection vehicles and cherry pickers for street lighting. Service areas then manage their own drivers and vehicle numbers and type required. In addition, CTS also manages part of the "grey fleet" that covers the contracted provision, booking and use of pool cars and ad-hoc daily car hire. The Council also incurs further costs on casual mileage allowances and ad-hoc taxis as part of "grey fleet" costs not considered in this report.
5. Since the service was first established it has generated a range of savings but still currently has an annual total spend of some £8.630 million comprising:

Fleet Management (Compliance, monitoring and procurement and external contract management Overheads)	£1.002m
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Vehicle Leases, Hire and Plant Purchase (External Spend)	£4.136m
Fuel (External Spend)	£1.716m
Workshops (staff, premises parts and transport.)	£1.776m
Total	£8.630m

6. The vast majority of costs are recharged to service areas for their vehicles and external income is achieved from MOT's and servicing. However this external income only contributes £293k. It is necessary therefore to explore further the potential to secure additional financial savings through improved efficiencies, a reduction in the size of the fleet and achieving lower vehicle emissions and increased income generation.
7. In 2016, the Commercial Services Team assumed responsibility for CTS activities as part of an initiative which sought to introduce a wholesale change in the way the Council purchases, controls compliance, provides management information and support services to deliver improved services at reduced costs.
8. The previous administration engaged the Peopletoo consultancy to develop initiatives designed to drive out financial savings. The initiative identified a potential saving of £1.49 million over four years commencing in 2016/17 which included a £400k vehicle utilisation saving to be secured through improved vehicle usage and a consequent reduction in the size of the fleet. To date £448k of the £1.49 million target has been achieved from operational efficiencies, vehicle rationalisation, income and insourcing from external contracts.
9. In addition, the initiative required the Council to focus on revenue generating opportunities through the effective use of current spare CTS capacity through the marketing and selling of services to other public bodies, local businesses and individuals. These opportunities ranged from the provision of MOT services, heavy goods vehicle washing, fabrication services, fleet management, direct maintenance or the hire of part of the Council's vehicle maintenance facilities.
10. More recently, Cabinet has considered the impact of the Council's own operating fleet on air quality in the city as outlined by my colleague, Councillor Michael's report entitled *A Strategy for Cleaner, Greener Transportation Fuels*. That strategy sets out the Council's vision and associated actions necessary to begin the transition from the use of polluting fossil fuels to more sustainable energy sources. Evidence provided in the background study to that report demonstrates that a transition towards non-fossil fuels could result in lower "whole life costs" for the fleet that would also protect against the inevitable increases expected in fossil fuel costs in future years.
11. The Goods Vehicles (Licensing of Operators) Amendment Regulations 2017 came into effect in March 2018 which require a number of essential changes to ensure full statutory compliance for heavy goods vehicles and to demonstrate driver compliance across the Council.

Issues

Compliance

12. As part of its fleet of vehicles and plant, the Council currently operates 85 Large Goods Vehicles for the delivery of Waste, Highways, Street Lighting, Parks, Green Spaces, Burial services and Library services. To operate Large Goods Vehicles the operator must apply and be granted a Goods Vehicle Operators Licence. This is issued to the organisation by the Traffic Commissioner after satisfying a series of stringent requirements.
13. As the Council has to hold an Operators Licence, the operations of all its relevant fleet and drivers must also satisfy the stipulated requirements. The Operators Licence, must be managed by an appropriately competent person as the Operators Licence Holder. This is a statutory, senior, corporate wide role that also carries personal liability. Failure to demonstrate compliance carries the risk of losing the Operators Licence to operate heavy goods across the Council, that will significantly inhibit the Council's ability to complete a number of other statutory services, such as those of the Highways Authority or Waste Collection Authority.
14. A review of the Operators Licence requirements has identified a number of areas for improvement. It is important to note that to obtain an Operators Licence, an Operator must appoint a qualified and competent Transport Manager. The statutory definition of "Transport Manager" means 'a natural person employed by an undertaking who effectively and continuously manages the transport activities of that undertaking'. This means that a person (rather than an organisation) must effectively manage the day to day vehicle operations of an organisation (the Operator). This requirement is accounted for in the proposed Occupational Road Risk Policy and must similarly be identified in the Job Description of the Transport Manager role. This amendment is now in place for the current Transport Manager role and a recruitment exercise is underway.
15. As part of the planned improvements, it is intended to establish a database of all authorised Council drivers which will provide a centrally controlled and audited record of driver qualifications, in terms of the types of vehicles that drivers are authorised to drive, with corresponding training records and drivers hours. Also, to ensure that the Council effectively manages transport compliance matters in respect of school minibuses, it is proposed that school minibuses and their drivers be managed in the same way as other vehicles and drivers across the Council to align with the Council's insurance policies.
16. In response, CTS together with officers from key services across the Council have drafted an Occupational Road Risk Policy to encompass these matters. Key actions arising from the implementation of this policy will include education and training for all employees who drive, manage drivers, directly or indirectly and improved processes and procedures for the management of driving operations. The draft Occupational Road Risk Policy is currently being consulted upon and will then be considered as the subject of a further report to Cabinet, prior to its implementation, coupled with a clear communication plan.

Digital First Technology

17. The Service Improvement Plan for CTS identified CTS's urgent digital needs, subsequently a Fleet Management IT (FMIT) system was procured and installed to improve the Council's fleet management and operations. By the start of the 2018/19 period, a number of improvements had been achieved:
 - Improved scheduling and workshop planning delivering improved workshop loading, capacity and measurable productivity;
 - Less vehicle downtime from improved workshop efficiency and effectiveness; and,
 - Improved management information to allow CTS to support front line operations leading to reduced maintenance costs.
18. The anticipated further benefits of this new FMIT system and where further work is required, include:
 - A facility for Service Areas to obtain full transparency on their costs and vehicles on hire at any one time,
 - In addition to visibility of work completed at any one time, accessible via a dedicated Customer Portal.
 - Improved management of vehicle hire and pool hire via a configurable on line booking system through dedicated portal access to CTS Hire Desk; and
 - New income opportunities to be exploited through increased workshop capacity and enhanced customer service offering to external clients;
19. The full implementation of the system will facilitate improvements in vehicle maintenance scheduling and workshop planning to be achieved and appropriate management information on workshop loading, capacity and productivity to be obtained. This will help with the development of appropriate KPI's and corresponding targets which will assist in the achievement of improvements in workshop management and compliance. Importantly this next phase will enable accurate, dynamic forecasting of capacity that can be used for income generation; this has not yet been available beyond the manual capacity of staff.
20. In quarter two of 2018/19, the customer portal will be provided to Service Area customers such that they can accurately see their demands for fleet, their costs and where services can in turn, make efficiencies, this will significantly improve customer interfaces. Further, improving both the management and control of the use of fuel is a key opportunity for service areas to both reduce costs while improving air quality.
21. Financial accountability for spend on the directly controllable items such as number of vehicles needed, their use, mileage and the volumes of fuel, repairs, damage and maintenance will be visible. Service areas will be held responsible for that spending and any respective savings. Equally, the quality and cost of procuring effectively, maintenance activities and fleet support services will be accurately tracked and the workshops held accountable for its efficiency, through

transparent performance measures made available to service users. Further financial analysis and delegation of controllable budgets will be required as a next step to embed this clarity of accountability.

Fleet Replacement Programme

22. As previously mentioned, the Council uses a relatively large fleet of vehicles to deliver its services. These vehicles have been procured through a number of different mechanisms, namely, capital purchase, lease or hire. Ideally, the majority of the fleet should be replaced on a 5 year rolling programme. However, nearly 30% of the fleet is now more than 5 years old with many vehicles now approaching or are beyond their useful life and hence need replacing.
23. A fleet replacement programme for the next 10 years is being finalised and will take into account forecast requirements of Service Areas and also particular Council objectives, for example, the future use of low emission, alternative fuelled vehicles and the need to improve vehicle utilisation.
24. There is currently insufficient budget provision to fund the vehicle replacement programme for a number of reasons. For example, the Council has not operated a depreciation policy in respect of vehicles purchased using capital funds. Hence, corresponding funds have not been set aside for the re-purchase of these vehicles. Also, in respect of vehicles on long term lease where the lease period has been extended with a corresponding 'peppercorn' rate, in years prior to 2016/17, the resulting lower cost has been taken as a budget saving.
25. Extensive work has been undertaken on vehicle utilisation and contract hire within the control of CTS. While this has resulted in a decrease in the number of Council vehicles by 35, the actual savings are lower than would be expected as a result of vehicles being purchased with no depreciation cost applied or that are on 'peppercorn' rates. These vehicles cost more to maintain and by removing them replacement costs of c£285k have been avoided and should be recognised as added value delivered from reducing vehicle numbers. The approval and implementation of the finalised Fleet Replacement Programme will therefore be subject to the necessary budgets being made available and services substantially challenging their need for the number of vehicles currently in use. It is intended to finalise this plan so that implications can be built into the Council's medium term financial plan from 2019/20.
26. Further opportunities could be realised through shared utilisation of vehicles across the Council. In January for example, an independent review of Schools transportation identified a number of opportunities where vehicles used by Adult Service and Meals on Wheels could potentially be made available for use to support Schools transportation. Further work between CTS and all relevant service areas is required to take these opportunities forward and to comprehensively review opportunities for multi-use right across the Council.

Civic Fleet

27. Prior to 2012, the Council operated a civic fleet comprising two Jaguar XJ vehicles and a Volvo S80 for use by the Lord Mayor, Council Leader and Chief Executive respectively with registration numbers CA51 CCC, CB51 CCC and CC51 CCC (CA, CB and CC are the local identifiers for Cardiff and CCC is obviously for Cardiff County Council). In addition, the Council owns a 1963 Rolls Royce Phantom VI 6.2 litre limousine with the registration number KG1 which ceased to be used for civic purposes at the turn of the century.
28. In 2012, the incoming administration decided to dispose of the entire fleet, with the exception of the Rolls Royce, and replace it with a single vehicle to be shared by the Lord Mayor and Leader. An additional Ford Mondeo was acquired for use by the Lord Mayor in 2017.
29. The future of the Rolls Royce Phantom VI has been the subject of recent media speculation with suggestions ranging from it featuring as a museum piece to selling both the vehicle and its registration number. The Administration is inclined to retain the vehicle in order that it can be exhibited in an expanded Cardiff Story museum at a future date. The Administration is also reluctant, at this stage, to dispose of the KG1 plate, which dates back to 1904 following the enactment of the Motor Car Act 1903, which required all vehicles to be registered. Local Authorities were, at that time, the licencing authorities and KG1 was the first registration number issued by the then Cardiff Corporation, KG being the local identifier for Cardiff. Subject to Cabinet approval, it is proposed to approach the National Motor Museum with a view to loaning the vehicle on a temporary basis pending it being returned to Cardiff to be put on permanent display at an appropriate facility.

Resources

30. To achieve the objectives of commercial growth and also improvements to service delivery, it was necessary to implement changes to the structure of CTS. Following consultations with Trades Unions and the team, most of the proposed changes and corresponding recruitment have now been completed.
31. Benchmarking with other similar roles, in both the public and private sector, demonstrated that the employment package offered to date has not been attractive to prospective employees with the required competencies to recruit a Transport Manager as part of the restructure. The role has been re-evaluated and a new recruitment process can commence to employ this critical position.
32. The absence of this key role has had a significant impact upon the capacity and capability of the team to progress the required change programme at the satisfactory pace, for example, the implementation of the new FMIT system and commercialisation of the service. An interim Transport Manager, recruited through APSE, was appointed in January 2018 and will remain in post until circa July 2018, when the new appointment should be completed.

33. As part of delivering the restructure it is recognised that the service still does not have sufficient depth of commercial capacity or expertise. Subsequently the selling of the available workshop capacity activities identified in the June 2016 report have not been progressed to the level required. The Service has had to concentrate, with its resources available (while carrying significant vacancy provision,) on addressing key financial controls, to rebase budgets, and address digital requirements to improve customer and management information, i.e. get the basics right. Therefore, the potential for future income generation from the key areas of opportunity aligned with the price-costing model and capacity analysis, remain.

Financial Control and Improvements to Date

Balancing of Service Area Budgets

34. Before the 2017/18 financial period, the charges made to Service Areas for vehicles and plant were based on the Service Area vehicle and plant costs that were consolidated when CTS was established on 1st April 2010. Since this time, the Service Area budgets and costs have been adjusted to account for changes in the number of vehicles in each Service. This also took account of prior year's top-slice savings applied as part of the annual Council budget setting process.
35. In the lead up to the implementation of the FMIT technology, working with Service Areas, a significant exercise was undertaken to realign costs and budgets across the Council so that at the start of the 2017/18 financial period, for the base fleet agreed with each Service Area, the costs and budget were aligned. As there was insufficient budget to cover all the Service Areas' base vehicle costs, the shortfall in 2017/18 was borne by and absorbed by CTS. Shortfalls in the corporate vehicle rationalisation savings were also absorbed within the CTS accounts, while an amount of £84,000 has been secured in 2017/18, a balance of £237K remains to be delivered through further rationalisation by service areas, supported by CTS.
36. In 2017/18 the CTS service balanced its budget through savings being met from income, staff vacancy provision and absorbing non-specialist work into direct labour of the workshops for basic repairs on specialist fleet, rather than through the lease maintenance arrangements.

Operational Costs and Income

37. A key enabler from the service improvement plan is the establishment of a cost-pricing model for CTS workshops. This was completed at an early stage in the improvement programme and has helped the Service achieve cost efficiencies and a level of commercial growth. The model demonstrates that further cost efficiencies can be achieved in the workshop. This cost-pricing model methodology has since benefited other services including Building Services, Cleaning, Security and Pest Control.
38. Consequently changes have been made to reduce the base operating costs and overheads of CTS. For example, the restructure of the service to assist with

commercial growth and also improvements to how services are provided delivered £30K savings. Savings are being made through the more cost effective procurement of consumables etc. Additionally, c180 vehicles procured on a short term hire basis have since been converted to long term hire with a corresponding saving of £75k.

39. Income to date has been achieved as a result of marketing and promotional initiatives through a combination of means including: increasing the number of private MOT's undertaken; increasing the amount of private repair works undertaken; undertaking MOT's, inspections and repair work for a local building maintenance company; and vehicle washing. The income earned through the Fabrication Team has also increased with opportunities for continued growth by promoting the availability of the service across the Council. Furthermore, a significant amount of vehicle repair work circa £80K, previously outsourced to vehicle providers, was undertaken 'in-house' and it is intended to continue this trend going forward.
40. In terms of achievement against the original 'The Infrastructure Services – Alternative Delivery Models: Next Steps report', the following opportunities were identified:

	Yr.1 (part) 2016/17	Yr.2 2017/18	Yr.3 2018/19	Yr.3 2019/20	Yr.5 2020/21	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Net Savings	25	440	345	350	330	1,490
Projected Breakdown of Total:						£'000s
Operational savings:						1,020
Supply Chain including insourcing:						140
Income:						330
Total:						£1,490

41. The CTS Budget outturn for 2017/18 was balanced. However, future financial improvements will require further delivery of the operational improvements through the benefits of technology, productivity and further vehicle cost reductions and an acceleration of income generation. In addition to achieving the balanced budget, it should be noted that the vehicle utilisation project has also delivered substantial cost avoidance savings of £284,000 as opposed to cashable savings. This is due to a proportion of the vehicles removed having no current annual lease costs, given peppercorn rents or being fully depreciated, but would have otherwise had to be replaced at full cost.

Commercial Partnerships

42. Progress in delivering the change and realising the full financial improvement potential needs to be accelerated to build on the work undertaken to date. This requires a mix of capacity and commercial expertise in addition to that currently within CTS even when a permanent Transport Manager is recruited, given the

extent of the change required to address performance and compliance matters council wide.

43. A key area for commercialisation is income generation particularly given that a further £230k of the original £330k target still needs to be achieved. The Council's relatively new fleet workshop provides excellent facilities and the feedback from external organisations has been very positive. However, there is substantial capacity in terms of the asset itself. This could be extended in terms of shift hours, which would then also support servicing out of hours with an added benefit to the Council's own vehicles being off-road less and thereby reducing contract spot hire. This also creates further employment opportunities and will balance the Council's overall skill mix and cost base and make the Council more competitive in the market.
44. The original cost/price modelling needs to be updated and provides a basis for determining a viable commercial model. The model was used originally to test the market and demonstrated that CTS can be competitive in a target market at a direct cost level before overheads, which are relatively fixed. Therefore, increasing income above the direct cost points would make a positive financial contribution to the Council.
45. It is recognised that the Council cannot compete at the lower end of the market. However, there is clearly a market for small to medium sized organisations including current suppliers to the Council and maintenance can be bundled with related services. Taxi companies are a further opportunity. In the initial market assessment, the private sector also identified overflow work as an opportunity even where they have their own facilities. Further opportunities exist in terms of local public sector work and initial discussions have been held with the NHS and the Ambulance Trust. The Council could also potentially use its trusted public sector brand to offer services to the public.
46. There is also potential to benefit from commercialisation within the Council's fabrication service where the Council currently spends externally. This work could be insourced and grown if additional capacity can be put in place in place to support it.
47. Given the recognised gaps in capacity and expertise, the Cabinet is requested to consider a commercial partnership approach to drive further income into CTS: to add capacity, commercial expertise and specific market knowledge. This could be achieved on the following principles:
 - Establish current baseline income level and realistic forecast on current activities;
 - Develop a commercial partnership or partnerships with external organisations using the current baselines to incentivise business growth;
 - Agree the baseline with the commercial partner(s) and structure a commercial model whereby the partner shares in the net contribution above the direct cost to the Council (labour and materials cost model principle already established);

- The contractual basis would be to have no fixed fees but only a share of net contribution thereby ensuring no financial risk or cost to the Council.
48. In line with the Cardiff Commitment and Workforce Strategy, a partnership would be expected to deliver a number of new jobs to the existing Council employee base, while promoting equality and diversity by adding employment opportunities for Trade Apprentices, trainees and supplementing the training and development experience to enhance the existing skilled workforce.
49. There is also the potential for a commercial partnership to offer benefits in the area of vehicle procurement costs, improving maintenance performance, and supplies and fuel, where buying power could be aggregated and combined with the commercial procurement. Cabinet are requested to approve the development of such a model in consultation with the appropriate Cabinet portfolio holders and officers.

Governance

50. Given the challenges faced as outlined above in this report, it is recognised that a regular communication and stronger set of governance arrangements is required. It is therefore proposed to bolster the governance arrangements for the management of the Central Transport Services to ensure Service Areas are fully involved and aligned on decision making. It is proposed to establish of a new forum of relevant Cabinet Members with relevant senior officers responsible for CTS and from key service users to review decisions prior to presentation to Cabinet for formal approval.

Response from PRAP Scrutiny

51. The PRAP Scrutiny 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. The PRAP 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.
52. On 16th May 2018, PRAP Scrutiny received an update on progress. A written response has been received following the meeting attached at Appendix A, and summarised as follows:
- Committee concurs that it is worth exploring engagement with an external commercial partner to improve efficiency and reduce costs noting that a level of existing commercial risk will be transferred to a commercial partner, and that the new partnership could bring new risks to the Council.
 - Understands the proposal that budgets for vehicle maintenance should sit within service areas as this will provide greater accountability.

- Considers it important that budgets factor in overhead costs such as depreciation and the cost of replacement at the end of a vehicle's lifespan.
 - Encourages engagement in market planning and targeting to make full use of the facilities.
53. The comments are welcomed and accepted whilst also noting that any partnership would be expected to aid the growth of jobs and that the business offering must be sustainable in order to minimise the Council's risk.

Reasons for Recommendations

54. To ensure that the Council has the requisite improvement plans, resources and governance in place to continue with the service improvement and modernisation of Council's Central Transport Service.

Legal Implications

55. The report touches upon many complex areas and the appropriate detailed advice should be sought as and when required, by way of example only, insurance, HR and Health and Safety.
56. The report refers to consultation being undertaken. The carrying out of consultation gives rise to a legitimate expectation that the outcome of the consultation will be considered as part of the decision making progress. The decision maker should have regard to such consultation when making its decision
57. The Council has to satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics.
58. Protected characteristics are:
- Age
 - Gender reassignment
 - Sex
 - Race – including ethnic or national origin, colour or nationality
 - Disability
 - Pregnancy and maternity
 - Marriage and civil partnership
 - Sexual orientation
 - Religion or belief – including lack of belief
59. As such decisions have to be made in the context of the Council's equality act public sector duties.
60. The decision maker should also have regard when making its decision to the Council's wider obligations under the Wellbeing of Future Generations (Wales)

Act 2015. In brief the act makes provision with regards promoting/improving wellbeing.

61. The report recommends delegating authority to the relevant Director to deal with all aspects of commissioning and any associated arrangements, which may be required. Legal advice should be sought on the proposals as the same are developed.
62. This report raises a number of areas that are to be the focus of further development within the Central Transport Services (CTS) improvement programme. More detailed analysis will be required to confirm the implications of any proposed changes for both CTS and the Council wide impacts.
63. Further delegation of vehicle operating costs budgets are proposed and this will need to consider a number of factors including , but not limited to:
 - a. Developing an equitable mechanism for devolving the budget to service areas.
 - b. Assessing the potential implications for the achievement of County wide objectives, both detailed such as the delivery of Vehicle Utilisation savings and county wide delivery of more strategic objectives such as the introduction of alternative fuel vehicles.
 - c. The potential implications for CTS if service areas divert their devolved budgets to other vehicle providers.

Financial Implications

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 - b. Assessing the potential implications for the achievement of County wide objectives, both detailed such as the delivery of Vehicle Utilisation savings and county wide delivery of more strategic objectives such as the introduction of alternative fuel vehicles.
 - c. The potential implications for CTS if service areas divert their devolved budgets to other vehicle providers.
66. Further inter-related work on Vehicle Replacement Policy and funding mechanisms such as depreciation accounting are emphasised in the report. Given the continued financial pressures facing the Council in the medium term clarity on both the available funding and the mechanism by which vehicles will be replaced will be a fundamental requirement of any Policy. Given the desire

to include the implications in the Council's 2019/20 MTFP this activity will need to be completed with a degree of urgency. Depreciation will only be relevant for vehicles that the council purchases as leased or hired vehicles are not council assets as the council does not own these vehicles. The use of depreciation to create an earmarked reserve to underpin a vehicle replacement policy will require the identification of an appropriate budget to enable vehicle users to pay these additional charges.

67. The report identifies the principles that are required to move towards considering a commercial partnership. Further work will be required here to establish appropriate financial and performance baselines and to develop a business case. This would allow the identification of relevant risks and the potential benefits available from the proposed partnership compared to moving forward with an in-house provision. This should include an assessment of whether some of the other benefits, referred to in paragraph 45, in particular the commercial procurement approach are applicable to a Local Authority operating within public procurement rules. To maximise the financial benefits of any partnership the CTS improvement programme should have reached the stage where "quick wins" are fully retained by the Council and not shared with the commercial partner.
68. The 2017/18 Outturn position for CTS was balanced with shortfalls in vehicle utilisation savings and external income being offset by reduced expenditure primarily through vacancies and reduced vehicle operating costs. In addition to the outstanding saving required from vehicle utilisation highlighted in the report further savings of £60,000 from additional income generation and £60,000 from a reduction in vehicle costs have been included in the 2018/19 budget and the CTS improvement programme will need to ensure the delivery of these savings as a priority.

Human Resources Implications

69. There are no direct HR implications arising from this report and its recommendations, it is important that trade union consultation takes place as matters progress.

RECOMMENDATIONS

Cabinet is recommended to:

1. Note the progress made on the implementation of the Central Transport Services improvement programme and agree to the further work required as identified in this report.
2. Agree the principle of exploring a new approach with the private sector and to delegate authority to the relevant Senior Officers in consultation with the relevant Cabinet Members to deal with all aspects of commissioning a new approach including the award of contract(s) and any associated arrangements which may be required.

3. Agree that the Rolls Royce and number plate are both retained by the Council and that the Council approaches the National Motor Museum with a view to loaning the Rolls Royce on a temporary basis pending it being returned to Cardiff to be put on permanent display at an appropriate facility.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development	<i>The following app</i>
	29 June 2018	

endix is attached:

Appendix A – Letter from Policy Review and Performance Scrutiny Committee

The following Background documents have been taken into account:

Cabinet Report June 2016: Infrastructure Services - Alternative Delivery Models: Next Steps

<http://cardiff.moderngov.co.uk/documents/s10882/Item%2010.pdf?LLL=0>