



**REPORT OF THE SERVICE DIRECTOR – TRANSPORT, PROPERTY &
ENVIRONMENT**

**TRAVEL & TRANSPORT SERVICES – FLEET MANAGEMENT SERVICE
BUSINESS PLAN.**

Purpose of the Report

1. To seek approval from Committee to progress with Business Planning proposals for Travel & Transport Services (TTS) Fleet Management service area.

Background

2. Fleet Management Services (FMS) cover all functions from the procurement of vehicles and plant right through to their disposal i.e. identify need, plan, buy, prepare for use, maintain, dispose.
3. The FMS team currently manage this process for approximately 500 NCC fleet vehicles and 1200 items of plant. In addition, some of these services are provided for external vehicles, such as a VOSA Authorised Testing service for heavy goods vehicles and MOT testing and vehicle maintenance services for externally owned vehicles.
4. The vehicle and plant maintenance element of this service area was transferred from the Highways Group to the TTS Group in May last year so this is a relatively new function within TTS. The integration of this into the wider fleet management function has been managed through a carefully thought out project plan which has been delivered in three phases. Progress reports on each phase were presented to this Committee in July and October 2013.
5. The service is now in the final phase of the project and this report outlines proposals to take it forward into the future in an efficient, effective and sustainable way.

Progress since previous report

6. Since reporting to Committee in October 2013, one of the three operating vehicle maintenance workshops across the county has closed down. Retford workshop closed at the end of March in line with the full closure of the site as a Highways Operations and Vehicle Maintenance depot. The vehicle maintenance staff, equipment and workload have been transferred mainly to the Bilsthorpe workshop. A small external contract with the Environment Agency has been lost due to the move.
7. Overall, the improvement work undertaken to date has resulted in a favourable turnaround of the financial situation in respect of this service. From a starting point of a recorded financial deficit, the outturn for 2013/14 is showing a financial surplus.
8. A full review of service needs, work volumes, operating procedures, procurement methodology, staffing requirements and workshop facilities has been undertaken.
9. A business plan, informed by this review and focusing on the fleet maintenance service area, has been developed and is outlined in the next part of this report. The business plan is based on growth and sustainability.

FMS Proposed Business Plan

Business Objectives:

10. To provide an efficient and seamless, end to end fleet management service from procurement through to the disposal of County Council operated vehicles whilst meeting the Council's duty of care obligations to provide a safe, legal and efficient fleet and associated support services. The service must be cost-effective and delivered within the available budget.

Current Fleet Maintenance Situation

11. The service operates from one main site at Bilsthorpe and one subsidiary site at Gamston. In addition there is some mobile provision including an 'out of hours' breakdown service.
12. Bilsthorpe workshop is made up of thirteen bays which include facilities for:
 - MOT Testing for vehicle classes 4, 5 & 7
 - VOSA Authorised HGV Testing
 - Maintenance of all vehicle categories
 - Maintenance of all types of plant equipment

The thirteen bays are a mixture of heavy and light vehicle facilities which can be alternatively used as 16 bays for light vehicles, 3 bays for plant work and 2 vehicle testing lanes.

13. There are approximately 175 vehicles that are based in the south of the county which are taken to Bilsthorpe depot, located in the north of the county, for all

their testing, servicing and repair work. This is usually a two-hour round trip covering some 40 + miles.

14. Gamston workshop is small and only contains facilities to cater for minor running repairs.
15. The majority of work undertaken across the service is in respect of County Council operated vehicles and plant with a small amount of external work.
16. Management and support staff at Bilsthorpe perform duties across the whole Fleet Management Services spectrum.
17. With the closure of the Retford workshop and other recent changes, Bilsthorpe is now a very busy workshop and capacity is becoming an issue. Productivity levels have risen in recent months from 64% to 89%. Around 500 vehicles and 1200 items of plant are being regularly maintained and this may well increase as a result of new vehicle procurement actions currently being introduced by the corporate procurement team.
18. To give a flavour of what the volume of work looks like – 500 vehicles require around 1300 workshop visits a year on planned maintenance alone. Further unplanned repair work would account for over 3000 visits a year. These visits vary from quite minor repairs through to major work.
19. Current operational staffing levels are:
5 Supervisors
14 Technicians
7 vacancies (being held pending review outcome and apprenticeship recruitment)
20. Much work has been done in recent months to attract more external business in order to increase revenue/reduce costs for the Council and to strengthen the sustainability of the service. Other Local Authorities in the area have been approached with a view to joint working and some marketing across the commercial, education, adult care and voluntary sector has been undertaken.

Future Business

21. The corporate procurement team is reviewing vehicle leasing and purchasing arrangements which may result in additional internal fleet maintenance work. Information provided by the procurement team already indicates that there will be an extra 50 Highways vehicles changing over from leased arrangements to owned vehicles therefore these will be maintained in-house rather than by the leasing company in future.
22. Recent marketing has identified the potential to bring in additional work from external organisations but there is currently insufficient workshop capacity to cope with this.
Some of the interested parties require a service in the South of the county. An expansion plan has been developed, based on market research to date, and

this indicates a need for additional capacity both in the North and South of the county.

Delivery Options

23. For the short to medium term, two options have been given serious consideration:

Option 1 – Increase Capacity at Bilsthorpe and Gamston

- Increasing capacity at Bilsthorpe through extending the operating week by 16 hours as this can be done within the scope of a standard working day (6.30am to 6.30pm) that will not generate additional staffing costs through pay enhancements
- Making improvements to the Gamston site and equipping it to operate two service bays which is the maximum possible in such a small workshop.

This option is not attractive due to the capital costs involved, the restrictions that exist – such as height clearance for ramp work due to asbestos in the roof area, and the limitations associated with only two service bays.

Option 2 – Increase Capacity at Bilsthorpe and West Bridgford

- Increasing capacity at Bilsthorpe through extending the operating week by 16 hours as this can be done within the scope of a standard working day (6.30am to 6.30pm) that will not generate additional staffing costs through pay enhancements
- Close the operating workshop at Gamston
- Establishing a strong base in the South of the county through extending a current leased area at the Abbey Road Depot, West Bridgford which is owned by Rushcliffe Borough Council.

The Lease is short term (to October 2017) and subject to annual review therefore there is no long term liability. The additional lease cost represents extremely good value for money and provides a ready-made plant and vehicle maintenance facility, including MOT testing. The lease cost is an all-in amount for rent, utilities etc, which also includes use of a 9 bay (or 4 HGV/1 light) workshop with separate plant workshop, all the equipment and the equipment maintenance. A Health and Safety inspection has been undertaken by NCC corporate Health and Safety staff and the report recommends the facility as being a suitable and safe environment with all facilities meeting the required standards.

This is the preferred option as it provides sufficient capacity, with low risk, to start and deliver the business expansion programme whilst more major changes are being considered by the Council for the future of services, including shared services with other Local Authorities.

Staffing Levels

24. The proposed staffing levels to support the business expansion programme are:

	Yr 1	Yr 2	Yr 3	
<i>Current</i>				
Supervisors/Chargehands	4	4	4	5
Technicians	16	18	19	14
Apprentices	3	3	3	0
Vacancies	3	1	0	7
Totals	26	26	26	26

Financial Impact

25. Whilst there will be an element of re-investment in the service to support new premises

costs prior to full implementation of the expansion programme, once the targets have been reached, there will be ongoing savings for the Council which will increase year on year until maximum capacity is reached. The first year of operation will incur a small additional cost of around £3,500. Savings will be realised mainly through the closure of the Gamston workshop and removing the need for southern based vehicles to travel all the way to Bilsthorpe for maintenance work.

Business growth in the following table has made an assumption of a 10% profit margin on new work and contains conservative estimates.

Cost Matrix for Preferred Option (Using Financial Years)

	Year 1 2014/15 (Part Yr)	Year 2 2015/16	Year 3 2016/17
Extra Costs	£62,500	£75,000	£75,000
Savings	£36,750	£49,000	£52,750
Business Growth	£22,300	£50,000	£70,000
Net Surplus	(£3,450)	£24,000	£47,750

Conclusion

26. Adopting the preferred option will provide a strong foundation for a sustainable in-house Fleet Management service. A sustainable service will lead to more secure employment for staff and, through the expansion plans there will be more capacity to take on young apprentices – an important feature of future workforce planning.
27. This will also provide a starting point for a collective, strategically positioned maintenance service across the county which could provide stronger, more cost-effective support across a range of public service organisations.

Reason for Recommendation

28. To enable implementation of the FMS Business Plan.

Statutory and Policy Implications

29. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

30. The recommended option for future delivery, whilst incurring a small extra cost in the first year, will thereafter generate savings for the County Council. The deficit in the first year can be offset against underspends elsewhere in Transport and Travel Services.

RECOMMENDATIONS

- 1) To approve the implementation of the FMS Business Plan.

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For any enquiries about this report please contact:

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Constitutional Comments (SG 13/5/2014)

31. The Committee is the appropriate body to consider the contents of this report. By virtue of its Terms of Reference the Committee has responsibility for transport.

Financial Comments (TMR 12/5/2014)

32. The financial implications are set out in the report. Ongoing surpluses are indicative and require growth from external business which cannot be guaranteed.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None.

Electoral Divisions and Members Affected

All