

**REPORT TO: IMPROVEMENT AND EFFICIENCY SUB COMMITTEE -
30 MARCH 2010**

REPORT ON: BEST VALUE REVIEW OF TRANSPORT AND FLEET MAINTENANCE

REPORT BY: ASSISTANT CHIEF EXECUTIVE

REPORT NO: 202-2010

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the findings of the Best Value Review of Transport and Fleet Maintenance and to make recommendations on a future Council strategy to improve the current procurement, management, control and operation of the Council's fleet of vehicles, maintenance support infrastructure and ancillary services

2 RECOMMENDATIONS

It is recommended that:-

- 2.1 the Council introduces a Corporate approach to the management and maintenance of its fleet of vehicles;
- 2.2 the Council establishes a working group to plan and oversee the implementation of a Corporate approach to fleet management including the rationalisation and centralising of the Council's Fleet Maintenance Workshop facilities and formalising it's fleet management strategy;
- 2.3 through the Information Technology Department and subject to the outcome of the option appraisals install suitable control software for management information by either extending the new database recently constructed or installing new software;
- 2.4 the Council establishes procedures and locations for the dispersion of fuel, purchased through the Council to all vehicles used in the pursuit of Council duties;
- 2.5 a detailed review of the Council's transportation requirements be undertaken to optimise vehicle utilisation and minimise impact on the Council's carbon footprint in line with Scottish Government targets;
- 2.6 the Council participates in a joint review of fleet management arrangement with neighbouring local authorities.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report. However, approving the strategy will ensure expenditure is focused on delivering customer needs in partnership with both users and providers. It is also anticipated that the strategy may deliver monetary savings that can be reinvested in improving services to citizens. If the strategy is approved in principle the proposals will be developed by officers and fully costed programmes will be brought before the Sub-Committee for approval.

4 BACKGROUND

- 4.1 In 2008, Dundee City Council took part in Efficiency Diagnostic Studies across the Council under the Improvement Service, a body set up under the partnership of the Scottish Government, the Convention of Scottish Local Authorities (COSLA) and the Society of Local Authority Chief Executives (SOLACE)

- 4.2 From Interviews conducted in all aspects of Council work, various projects were scored and highlighted as areas in most need of investigation. Transportation and Fleet Maintenance was one of these areas and the investigation identified potential savings of £146, 000 if a 10% saving could be realised in fuel alone.

The costs associated with Fleet Management within the Council was estimated at £6.8M (2008/09) excluding Contract Car hire and Travel and Subsistence costs. **See Appendix A**

- 4.3 A Best Value Group was set up to analyse and report on current fleet numbers, costs and maintenance arrangements across the council and forward recommendations on the way forward for a full review of Transportation and Fleet Maintenance.

5 FINDINGS

5.1 Fleet Management

Unlike Waste Management and Dundee Contract Services whose workshops are managed and controlled formally by designated staff, the remainder of the Councils fleet of vehicles are managed by staff within each department whose responsibility for this forms only part of their main job.

This has led to various arrangements across departments for the maintenance and repair of vehicles, some of which are maintained by Tayside Contracts.

5.1.1 Vehicle Fleet

As there was no common database in operation which recorded Council vehicle holdings and as operational requirements of Departments varied from day to day it was impossible to determine the number of vehicles in operation on any given date. In addition, the vehicle holding numbers as determined by Departments did not match the insurance information held in the Finance Department. It was therefore agreed that as a first step a database should be constructed by the Information Technology Department and departments requested to populate the database with up to date information. The definition of a vehicle was determined as a vehicle capable of travelling on public roads and requiring a DVLA registration number road tax and insurance. As well as numbers the database would be populated with information on each vehicle which included vehicle registration, make, date of purchase, mileage and fleet number.

The following table shows the fleet for each of the departments, excluding plant and equipment, from the new database:-

Department / Section	Vehicles
City Development	14
DCS Construction	169
DCS Land Services	92
Education	27
Housing	4
Leisure and Communities	72
Social Work	60
Support Services	13
Waste Management	141
Total	592

The different management arrangements of the different departments' fleets currently do not lend themselves to a Corporate approach to managing the fleet and it is recommended that as a first step a working group be established to carry out an option appraisal to produce a corporate management structure for the whole Council fleet. This will also look at the possibility of establishing a Corporate Fleet Manager.

5.2 Vehicle Procurement

In the past, vehicles have been procured by individual departments through a mix of lease, purchase and contact hire. There is no Corporate Procurement Strategy in place for the procurement of vehicles and therefore economies of scale are not being achieved. Tayside Procurement Consortium (TPC) working with Scotland Excel (Centre of Procurement Expertise for Local Authorities) have recently put in place new contracts for the purchase of Light and Commercial Vehicles, Tyres and Hire of Plant and Vehicles and these contracts are available for Departments within the Council to use. The use of these contracts will ensure compliance with EU Procurement Directives.

As the estimated cost to the Council of leasing/contract hire of vehicles is over £1.6M per annum, it is important that future decisions on the relative merits of procurement options will be made on a corporate basis.

5.3 Fleet Maintenance Workshops

The Council has three workshops, two for Dundee Contract Services at Caird Park and Clepington Road and the third at Marchbanks for Waste Management. The workshop at Caird Park is predominantly used for the maintenance of grass cutting equipment on behalf of Contract Services and Leisure and Communities departments. Clepington Road provides full garage services for light and commercial vehicles.

The Waste Management workshop at Marchbanks is a modern and well equipped workshop with drive in-drive out bays. The surrounding area is currently limited for vehicle parking and would require further development to accommodate any increase in numbers of vehicles.

Workshop Costs

	Cleansing Services Marchbanks 2008/09 Actual	DCS Land Services Caird Park 2008/09 Actual	DCS Construction Clepington Road 2008/09 Actual
DIRECT COSTS			
Staff Costs	£292,887	£79,086	£136,665
TOTAL DIRECT COSTS	£292,887	£79,086	£136,665
INDIRECT COSTS			
Material / Stores Overheads (15%)	£70,292	£31,526	£609
General Overheads	£348,037	£98,796	£190,100
TOTAL INDIRECT COSTS	£418,329	£130,322	£190,709
TOTAL	£711,216	£209,408	£327,374

Staffing in Workshops

Cleansing Services - Marchbanks	DCS Land Services Caird Park	DCS Construction Clepington Road
1 Transport Manager, 1 Transport Supervisor, 10 Mechanics / Engineering Craftsmen, 2 Apprentices, 4 Workshop Operatives	1 Supervisor 5 Mechanics, 1 Labourer 2 Apprentices.	1 Chargehand Mechanic, 4 Mechanics / Engineering Craftsmen, 2 Apprentice Mechanics, 1 Labourer, 1 HIAB Driver, 1 Plant and Vehicle Officer, 1 Admin Assistant 1 storekeeper.

Tayside Contracts also have a workshop at Clepington Road which repairs vehicles for some of the Dundee City Council departments.

Three separate workshops for a City with a restricted geographical area does not appear to be Best Value and there is a requirement to further investigate workshop arrangements to establish the potential for realignment.

The need for workshops and their required capacity requires to be reviewed and rationalised in order to optimise the use of these facilities.

5.4 Management Information

As already indicated in 5.1 above, the investigation into current Fleet Management and Transport arrangements identified the need for better control of both the fleet and the costs in each department as difficulties were experienced in gathering basic information. Each department was seen to have different databases and methods of controlling and reporting expenditure on the number of vehicles within their fleet and, when investigated, the Finance Department did not have the correct information passed to them by departments for recording on their database (AIRS system). Differences were also found between the Insurance and Risk Management Section database and the databases operated by departments. The final costs are attached at Appendix A. It is expected that the new database once populated with accurate information and completed will aid the development of a Corporate Fleet management policy.

5.4.1 Internal Audit Report

Separate from but during the review, the Finance Department carried out an Internal Audit at Waste Management and Dundee Contract Services.

The Internal Audit Reports 2008/06 and 2008/23 concluded that the Waste Management and Dundee Contract Services departments should consider drafting a formalised fleet management strategy taking cognisance of good practice. It also recommends that quality management information should be available to properly manage fleet information to ensure a consistent approach to servicing to the required standards.

Control of the information in the three workshops is by an ageing software system maintained by our own IT department and it is recognised that this requires updating and upgrading but has been delayed until after the Best Value Report.

The following principal conclusions were drawn as an assistance to ensure weaknesses in the systems were addressed:-

“ Dundee Contract Services

- The department should consider drafting a formalised fleet management strategy which takes cognisance of good practice.
- Steps should be taken to ensure that the current database contains all key information pertaining to the department's fleet and there is a consistent approach to servicing which enables the required standard to be met.
- A comprehensive review of the information contained in the current Operators Licence should be undertaken to confirm that the Council's details are correct. Thereafter there should be systems in place to identify and facilitate timeous notification of any changes to the Vehicles and Operators Services Agency.”

“Waste Management

- The department should consider drafting a formalised fleet management strategy which takes cognisance of good practice.
- To ensure accuracy of fleet records, compliance with the Council's Operator's License and the availability of quality management information systems for maintaining fleet records, should be reviewed and revised where necessary. Fleet Management information should be reconciled to the information on the Operators License on a regular basis.
- Changes should be made to the fault reporting system so that the time at which the fault occurred can be readily established.”

The above recommendations will be subsumed within the remit of the working group once established.

5.5 Fuel Supply

Fuel for vehicles is drawn in various ways and from different sources across the authority. Departments often go to private suppliers such as Tesco; Jet stations etc and can claim the Value Added Tax back on the fuel. This, however, is likely to be more expensive than a central purchasing facility can supply fuel..

Fuel is currently purchased by Dundee Contract Services and Waste Management on a bulk basis and their facilities could be expanded to provide the potential opportunity of lower fuel costs for all Council vehicles. Consideration will require to be given to operational constraints and arrangements to enable this proposal to function effectively.

5.6 Transportation

Although outwith the scope of this Best Value Review, the full requirement for Council transportation across the City should be examined to better understand where efficiencies can be made.

Dundee City Council covers approximately 36 square miles and has a fuel cost of £1.46 million. Vehicles from different departments are often criss-crossing the City or going to the same areas of the city from similar starting points where a co-ordinated and logistical approach to the transportation of people goods and services would improve the efficiency and effectiveness and this would thereby affect numbers of vehicles and the procurement and maintenance of the fleet.

Vehicles such as bin collection lorries are high users of fuel but their specific purpose and routes are monitored and controlled closely by the Management Services section in the Waste Management Department. The remainder of Council vehicles are unlikely to be operating under such strictly controlled conditions and a demand responsive transport solution may have substantial benefits for the Council.

6 CONSIDERATIONS

6.1 Tayside Procurement Consortium will make departments within the Council aware of any Scotland Excel Contracts available to use. TPC can provide advice and guidance to budget holders to assist them with their strategic decision on whether vehicles should be purchased, leased or hired

6.2.1 A Green Fleet Review had been conducted and a report submitted to Dundee City Council by the Energy Saving Trust in March 2008. The report was based on examination of Dundee Contract Services and Waste Management vehicles only. The report summary estimated savings of 176.63 tonnes in CO2 emissions could be realised if the recommendations were implemented. The recommendations included:-

Vehicle and Fuel Selection

The Council's Car Lease Scheme should be reviewed to put in place arrangements to encourage employees to adopt a more eco friendly approach in their vehicle choice.

Light Commercial Vehicles

It could be worthwhile looking at start stop technologies such as "Eco-start" which could produce a 10% fuel saving (can be up to 20% in heavy urban use) by cutting out "idling".

Fuel Selection

A continued adoption of 5% Bio fuel for the Contract Services and Waste Management LCV fleet could also show considerable cost and emission savings. Waste Management should adopt a 5% Bio diesel policy; this could be easily achieved as all their vehicles work out of a hub.

Fuel Management

Dundee City Council should provide formal driver training and introduce the eco driving concept to all staff. Fuel economy should be monitored, information disseminated and targets set for improving fuel economy along with a possible incentive scheme to encourage good practice. Cost savings should be included in the reporting process.

Mileage Management

Dundee City Council should monitor collective mileage and set realistic targets. Telematics could be introduced to the fleet to counter unnecessary journeys especially on LCV's.

Health and Safety

A robust health and safety strategy should be tied in to the overall management and monitoring process in relation to improving fleet efficiency.

Policy and Management

A dedicated Fleet Manager should be responsible for vehicle fleet and carbon reduction, implementation and monitoring of individual measures. An environmental transport policy should be introduced with realistic targets for carbon reduction set over the next three years (a figure of between 10-15% could be deemed appropriate). “

The group established in 2.2 above should take these recommendations into account when formulating proposals for future fleet management.

6.3 Other Authorities

A visit to City Building (Glasgow) by group members reported back that this was an arms length company for Glasgow City Council supported by "Leaseway" which provides this company with a fleet of approximately 700 leased vehicles. This firm provides 1 person on site (implant) to help administer the scheme and carry out minor repairs e.g. bulb replacement etc. Vehicles can be stood down for the purposes of holidays. The scheme is flexible enough to allow City Building to change the vehicles if they wish and spare vehicles are stored in the yard for use if required.

Fife Council's Fleet Services Manager gave a talk to the Best Value Group on their success in reorganising Fleet Management. In 2003 they had a fragmented service and moved to a centrally controlled management service reducing the number of maintenance depots from 10 to 6 and investing proceeds from the sale of 4 into the remaining 6. They now provide the service to Fife Fire and Rescue Service, and are also involved in the provision of fuel cards to other partnerships such as Fife Constabulary, NHS Fife and Fife Colleges.

A recent proposal has been agreed to establish a joint working group to review opportunities for joint working in relation to fleet management along with neighbouring authorities, Angus Council and Perth and Kinross Council. It is important that Dundee participate in this review and takes on board any opportunities for efficiency savings.

7 POLICY IMPLICATIONS

- 7.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

8 CONSULTATIONS

- 8.1 Members of the Best Value Review Group have been consulted on the contents of this report.

9 BACKGROUND PAPERS

- 9.1 Green Fleet Review March 2008
Internal Audit Reports 2009/06 and 2009/23

Chris Ward
Assistant Chief Executive

24/03/2010

APPENDIX A

BEST VALUE REVIEW - TRANSPORTATION AND FLEET MAINTENANCE

ACTUAL TRANSPORT COSTS 2008/2009														
DEPARTMENT	Fuel £000	Insurance £000	Licences £000	Repairs & Maintenance £000	Leased Plant & Vehicles £000	Hired Vehicles £000	Plant Hire £000	Car Allowance £000	Schools Transport £000	Sub Total £000	Contract Car Hire £000	Travel, Subs, Public Transport, £000	TOTAL £000	
Education	43	10	4	68		75		162	1,024	1,386	82	15	1,483	
Social Work	99	44	2	26		368		368		907	149	222	1,278	
Planning & Transportation	9							34		43	44	35	122	
Economic Development								14		14	14	26	54	
Leisure & Communities	114	4	6	89	35	91		64		403	70	17	490	
Waste Management	743	151	53	622	265	186		14		2,034	18		2,052	
Environmental Health & Trading Standard	16	7	1	21		30		22		97	11	7	115	
Central Support:-														
Chief Executive								1		1	1	3	5	
Press Office											2		2	
Personnel								3		3	4	3	10	
Information Technology								17		17	52	4	73	
Administration and Legal Services	4			2		22		1		29		2	31	
Architectural Services								42		42	12	16	70	
Finance General		5						6		11	10	19	40	
Miscellaneous Services:-														
Ext Funded projects												2	2	
FSF												1	1	
Design & Print								1		1			1	
Employment Unit								8		8	13	7	28	
National Entitlement Card								1		1		12	13	
Emergency Planning								1		1			1	
Licensing Board												1	1	
Electoral Registration												1	1	
Children's Panel														
District Court												2	2	
Registrar								1		1			1	
Finance Revenues								8		8	4	21	33	
Scientific Services	1	1				3		2		7		4	11	
Housing		2		12				87		101	23	1	125	
Dundee Contracts														
Construction	284	48		252		180	339	16		1,119	34	1	1,154	
Land Services	145	62	9	263	8	76				563			563	
TOTAL	1,458	334	75	1,355	308	1,031	339	873	1,024	6,797	543	422	7,762	