**Redesign Board 15 August 2017**

Review of Fleet Maintenance Arrangements

**1. Background**

The Fleet team is responsible for procuring, maintaining and disposing of the HC fleet. This covers

* ‘light fleet’ i.e. vans under 3.5T
* ‘Heavy fleet i.e. vehicles over 3.5T such as gritters and refuse collection vehicles
* trailers
* pool cars – this will be included in the review of grey fleet

There are circa 1200 vehicles in the fleet and the cost of running our fleet is circa £5.2m which includes fuel and maintenance.

The current annual replacement of HGV fleet is circa £2m for roads vehicles and £2.4m for waste vehicles.

In addition to this we:

* manage the fleet on behalf of Highlife Highland
* maintain vehicles handed over from HC to NHS, and other maintenance and inspection work on their leased vehicles ( Income from NHS for year ended 2016-17 was £30,000)
* carry out maintenance and inspections for some HC leased vehicles where workshop capacity allows
* provide fuel services for HC fleet

The function also provides a range of fleet management services which includes compliance with the terms of the Operator licence (applies to all vehicles over 3.5 T), administration of road tax licences, and carries out statutory safety inspections. The fleet management IT system (Tranman) is administered by the team. The operation of vehicles is the responsibility of individual functions.

The Transport Manager engages with Scotland Excel to ensure Highland representation on technical and procurement groups, and with the Association for Public Sector Excellent (APSE) on transport matters.

We are regulated by the Road Traffic Commissioner for Scotland.

**2. Current Situation**

There are 8 workshops across Highland employing 31 mechanics. 9 apprentices were recruited for the autumn 2016 intake and are about to enter their second year of training. We are pleased that one of our apprentices has been awarded the 1st year achievement award from Moray Firth Training.

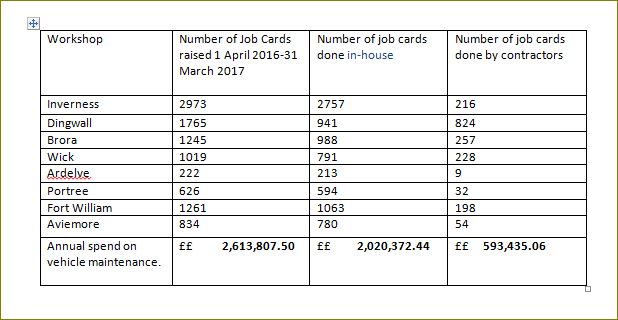
The reinvigoration of the apprenticeship programme has provided young people in some of our more remote areas with an opportunity to learn and work close to their homes. It will also alleviate the challenge we face when trying to recruit time served mechanics, which has been problematic in recent years.

Table 1 Staffing

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Location | Number of Mechanics | Number of Apprentices | Number of vehicles associated with workshop | Number of vehicles associated with workshop if all leased vehicles were maintained by HC (see section 3) |
| Wick | 5 | 2 | 90 | 140 |
| Brora | 5 | 1 | 111 | 193 |
| Dingwall | 3 | 1 | 128 | 209 |
| Inverness | 8 | 2 | 189 | 347 |
| Aviemore | 2 | 1 | 44 | 61 |
| Ardelve | 1 |  | 2[although handles a number of items from nominally Portree & Lochalsh areas] | 3 [although handles a number of items from nominally Portree & Lochalsh areas] |
| Portree | 3 | 1 | 77 | 111 |
| Fort William | 4 | 2 | 64 | 124 |
|  | 31 | 10 | 705 | 1,188 |

Our workshop teams are well thought of by Service managers and deliver a high quality of work, focusing on safety standards and regulation requirements. The teams provide out of hours cover as necessary.

Table 2 Volume of Work



Work is outsourced generally because of our capacity or the work may need a more specialist workforce to deal with the repair.

At this time there are no plans to reduce the size of our heavy fleet. For the roads function the size of the fleet in linked directly to the winter maintenance policy and any reduction in roads fleet is solely dependent on the Policy and the requirements therein.

**3. Review of Maintenance Arrangements**

Many aspect of the fleet function are already under review:

* A need to respond to the financial challenge by being able to demonstrate Best Value when compared to external service providers. We aim to carry out our first exercise at the end of the current financial year and develop this further in future years.
* A need to get more from our assets. This includes reducing down time and procuring multi-purpose vehicles. A ‘User Group’ is convened when the purchase of a new vehicle is required. The Transport manager will meet with the appropriate Head of Service, the manager whose unit the vehicle will be established, an end user/operator, Union rep, mechanic, Health And Safety rep if required. By having the correct people considering all aspects of requirements and maintenance, we can be sure of sourcing the best vehicle/plant for the job.
* The bringing back in house of the servicing and maintenance of leased light vehicles, circa 480. This was externalised in 2012 due to the difficulties in recruiting qualified and competent maintenance staff. This has resulted in complaints from service users as what was previously done in house, locally and quickly, is now outsourced and can result in vehicles being off the road for unnecessary periods of time, thus affecting service delivery.

We have agreed with the lease company that, where capacity allows, we will undertake repairs work. As this is a very recent development we will be monitoring the impact on our workshops, and whether the income, and projected income, makes it worthwhile to review our resources and facilities. Investment would be required in both.

* A review of our IT system to enable us to better run our function and to provide better business intelligence is underway. The IT provider has just completed a review of how we use the system and the scope for developing it further. Their report on this is imminent Investment will be required to enable us to better use the system to run our fleet and maintenance facilities more effectively. The priority is to enable an interface with the finance system and to set up the plant and equipment hire desk. Workshop planning and ‘paperless’ processes will be addressed next. A short term project will be undertaken, led by the Service Improvement Manager, to maximise the functionality of the system and in particular the reporting element which will help provide data for service improvement and for the Best Value exercise.
* Fleet efficiency is an area where savings have been identified. Telematics is installed in all our heavy fleet and is part of the specification for all leased vehicles. Telematics provides us with information such as route travelled, speed, starts and stops, idling and so on. A lot of information is about driver behaviour – how their driving affects fuel consumption and wear and tear. An area already identified for saving £50,000 this financial year is reducing fuel consumption by reducing excessive idling.
* A review of the current telematics system is underway. The facility is now available to provides unique Employee ID through a personal key fob, that will be security linked to allow bunkered fuel and depot access, thus improving our Security and giving HC an auditable trail.
* Fleet security has been strengthened by the introduction of a new policy, Security and Operation of Commercial (Heavy) Vehicles.
* Implementing a programme of audits of drivers and their vehicles through ‘gate checks’ i.e. ensuring that the driver has the appropriate licence categories for the type of vehicle they are driving(including towing), and that defect checks and reporting requirement are adhered to. Failure to comply with regulations in any transport matter can lead to the involvement of the Road Traffic Commissioner and her powers are significant.
* The Policy relating to driver licence checking has been enhanced by introducing a third party to carry out these essential checks.
* A review of current practices has indicated a more coordinated approach to hiring plant and equipment is necessary. The benefits will include:
  + a more stringent challenge around the need for, and the duration of, hiring externally
  + a reduction in spend through using Framework suppliers
  + compliance with purchasing from framework suppliers
  + better compliance with H&S requirements such as HAVS.

The current spend is £1.073m, reducing spend by £50k per year will be achievable once the new process is established.

* Developing a suite of Key Performance Indicators. These will be developed as the IT system is exploited more fully.

**4. Future Reviews**

Other factors to be considered in the medium/long term include commercial opportunities:

* Is the current model delivering best value? An evaluation of the current model compared to externalising all workshop activities will be necessary to reach a conclusion on this.
* Can we expand our current offering to include in house MOT testing and taxi testing? This would save money for the Council as this is currently contracted out, but could also generate an income from Taxi companies as part of their licencing requirement, or even offering this service to members of the public.
* Can we generate an income for the Council by offering our services to Partners and other organisations? Meetings have taken place with Partners to explore this.
* Driver assessment and awareness training reduces the cost of accidental damage, wear and tear, vehicle downtime and associated costs. This is currently outsourced and a business case will be developed to evaluate if it is more cost effective to deliver this training in house. The cost of insurance work last financial year was £317,000, although not all attributable to driver behaviour.
* We have yet to ascertain whether there will be a requirement for the workshops to maintain and service grass cutting equipment, now that grass cutting is done in house.

**5. Constraints**

The level of investment necessary to deliver an effective and modern service is always a challenge. Investment is required in the IT system and workshop facilities as things currently stand, and any future developments of the service will require up front funding.

**6. Summary**

Members will see the volume and range of work that is underway to modernise and develop the fleet activities, and deliver savings. The fleet function will have to react to any changes in our clients’ requirements to ensure an effective service is delivered.

Underpinning any changes required to deliver the future model will be a review of workforce numbers, locations, skills, and workshop hours.

Members are asked to

* comment and offer suggestions for other areas for review
* note and support the work that is already underway

Caroline Campbell

Head of Performance and Resources, Community Services