
Report of Director of Resources

Report to Scrutiny Board (Resources and Council Services)

Date: 7th November 2011

Subject: Fleet Services: Additional Information

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

This report provides an update for Scrutiny Board on a number of issues raised at a meeting on 3 October. These include;

1. Vehicle down time issues, particularly for the Refuse service
2. Progress on more sustainable fuelling strategies
3. The financial performance of the service
4. The exercise of powers to charge within Commercial Services
5. The outcome of a visit by Scrutiny Members to Fleet Services on 21 October

Recommendations

6. Members are asked to note this report

1 Purpose of this report

- 1.1 This briefing note is provided to members of Scrutiny Committee in response to outstanding queries raised at the Scrutiny meeting on 3 October.

2 Background information

- 2.1 This report covers a range of additional information requested by members including
- Vehicle down time issues, particularly for the Refuse service
 - Progress on more sustainable fuelling strategies
 - The financial performance of the service
 - The exercise of powers to charge within Commercial Services
 - The outcome of a visit by Scrutiny Members to Fleet Services on 21 October

3 Main issues

3.1 Fleet Down Time and VOR (Vehicle off Rd) Requirements for Clients

- 3.1.1 Fleet Maintenance provide a proactive and reactive maintenance service for the Council's 1200 fleet. The requirements of the Operator Licence (a legal undertaking) requires stringent service schedules for the Council's fleet vehicles; such as refuse vehicles, which are serviced at 8 weekly intervals.
- 3.1.2 In order to carry out maintenance without impacting on the service, the Traffic Commissioner states that a municipal refuse fleet vehicle should be equipped with up to 20% of spare vehicles, for cover purposes.
- 3.1.3 Leeds City Council are operating between 10% and 12% spare vehicles. This spare capacity, or pool fleet cover, front line vehicles during maintenance, services, MOT's, DoE's, fleet checks and accident or tip damage where possible. Occasionally should vehicle failures exceed the spare capacity, then cover is provided through a hire system minimising any downtime.
- 3.1.4 Service and MOT's are combined to reduce downtime. All VOSA MOT's and DoE tests are carried out at York Road.
- 3.1.5 5 mobile vehicles workshops operate during client operating hours (operating on live Tom Tom and GPS.)
- 3.1.6 Appendix 1 shows an average 4 week period of maintenance on Leeds City Council refuse collection fleet and includes daily breakdown numbers specifically on refuse vehicles. The mobile workshops deal with all roadside breakdowns.

3.2 Development of Alternative Fuelling Strategy

- 3.2.1 Fleet Services and colleagues in Development have been working closely since 2007, to investigate how LCC can contribute to lessen the environmental impacts of fleet activity.

- 3.2.2 The general aim of current initiatives has been to determine the most suitable, reliable and cost effective applications of the alternative vehicle and fuel technologies available, before making major procurement decisions.
- 3.2.3 Leeds has become pro-active in the investigation, testing and promotion of alternative fuels and low emission vehicle technology and has attracted significant positive press, and has regularly been approached for advice by both Central Government and other Local Authorities.
- 3.2.4 A timeline of action around Leeds City Council and alternative fuel vehicles summary is shown in appendix 2.
- 3.2.5 Leeds successfully applied to be one of 6 Local Authorities to be accepted on to the DfT funded Low Carbon Vehicle Emission Procurement Programme (LCVPP). The programme funded the incremental cost of all Electric or diesel-electric hybrid vans to operate in the front line service as part of a nationwide fleet demonstration programme. This has effectively removed the financial risks of the Authority gaining first hand experience in operating and evaluating the technology.
- 3.2.6 As a result, Leeds now has 19 diesel-electric hybrid and 5 all electric vans operating in the front-line fleet. In addition the LCVPP provided 5 dedicated electric vehicle recharging points, 4 based at Seacroft offices and 1 at Knowsthorpe Gate (A total external investment in excess of £500,000.)
- 3.2.7 A full list of alternative vehicle technologies currently being operated within the Leeds fleet to be tested for reliability, suitability and financial performance are appended at appendix 3.

3.3 Powers to Trade and Charge

- 3.3.1 The Local Government Act 2003 gave the local authorities the power to trade and charge for discretionary activities. It also provided powers to charge for any discretionary services discharged under the local authority's general powers of promoting 'wellbeing.'
- 3.3.2 Extensive legal advice was taken by Commercial Services on the opportunities this legislation provided. In general the advice, summarised by the LGA was

"Deciding whether to use the new power to trade is based on whether the additional income generated from a company structure outweighs the cost of governance, financial risk, control and tax issues."
- 3.3.3 Unless external trading was to be the core objective of a function the advice has been that the ability to charge achieves a comparable outcome without the financial risk.
- 3.3.4 The powers to charge enable a service to recover all direct costs, overheads and an element of contingency. This reduces costs to internal clients in terms of both contingency planning and overhead recovery.

It also can yield greater economies of scale and reduce procurement costs (eg in charging for procurement support for vehicles to neighbouring authorities and consequently letting a larger value contract.)

- 3.3.5 Fleet Maintenance for manufacturers (who subcontract warranty work to it) and private contractors deploying fleet for ALMOs) are further examples of charging under wellbeing powers.
- 3.3.6 Joint working like this is also positive reputationally for the Council eg reducing costs in procurement with other public providers and demonstrating value for money (particularly where private contractors opt to buy fleet maintenance from the Council in an open market.)
- 3.3.7 The downtime on passenger transport vehicles is sold to the hospital trust. Passenger transport vehicles' peak requirement is at the beginning and end of the day. When the service transferred to Commercial Services, unproductive time in the middle of the day (highly specialist vehicles and drivers) was effectively sold to the hospital trust. The resource is used to help transport patients discharged from hospital. Staff and unions fully supported this initiative. The contract for this work has been renewed, again in an open market, and generates £400,000 net a year, which goes directly to Adult Social Care to defer other pressures in providing care.

3.4 Fleet Services Financial Performance 2008-09 to 2011-11

- 3.4.1 The financial performance for Fleet Services over the last three trading years is as follows:-

2008-09	£48k return
2009-10	£430k return
2010-11	£435k return

The projected return for 2011-12 is £627k.

These returns go through to the general fund account, to offset pressures on other frontline services across the Council.

- 3.4.2 The key driver for the improved financial performance of this service has been reducing staffing costs, whilst at the same time maintaining a similar fleet size of 1200 vehicles within the authority.
- 3.4.3 Staffing numbers in 2007 were 86 full time equivalents, a decrease of 21; almost a quarter of the workforce. The majority of these were workshops technicians who had obsolete skills. Through training up existing staff, changing shift patterns and better scheduling of vehicles, this has resulted in increased efficiencies with no impact on any clients.
- 3.4.4 Over the last three years, the vehicle safety unit has been developed to meet new legislative requirements. Income for this unit is around £200k.

3.4.5 Pressures arising over the last few years were prices for parts, oils & lubricants and sub-contractor costs. These continue to be pressures going forward. Through effective procurement these have been contained.

3.4.6 The 2010-11 return includes accounting depreciation charge for £65k. This is an accounting entry reflecting a charge for the year of the premises based on the building's asset value.

3.5 Scrutiny Members Visit to Fleet Services

3.5.1 A scrutiny visit to fleet services took place on 21 October and attendees included Cllr Pauleen Grahame, Cllr Ron Grahame and Cllr Hardy

3.5.2 Members were shown the range of fleet activity including procurement and regulatory activity, fleet safety management and training, fleet maintenance, inspection and stores operations.

3.5.3 A wide ranging discussion covered

- current and future opportunities for improving turnover, internal and external
- a potential expansion of public MOT services
- opportunities for wider community engagement in the local ward, particularly around training and placement opportunities for young people

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Members provided a range of ideas to fleet services to improve consultation and engagement with local residents (see 3.5.3) which fleet services will respond to.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 No issues arising

4.3 Council Policies and City Priorities

4.3.1 The fuelling and procurement strategy of the service supports the Council priority to reduce carbon emissions.

4.4 Resources and Value for Money

4.4.1 Evidence was provided as part of this review exercise about resource allocation and market performance.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no implications

4.6 Risk Management

4.6.1 Not applicable

5 Conclusions

5.1 This report covers a range of additional information requested by members including

- Vehicle down time issues, particularly for the Refuse service
- Progress on more sustainable fuelling strategies
- The financial performance of the service
- The exercise of powers to charge within Commercial Services
- The outcome of a visit by Scrutiny Members to Fleet Services on 21 October

6 Recommendations

6.1 Members are asked to note this report

7 Background documents

7.1 Appendix 1 Refuse Maintenance and Breakdown Data Sept 2011

7.2 Appendix 2 Timeline: Environmental Improvements

7.3 Appendix 3 Alternative Fuel, Vehicles on Fleet

Period of Maintenance for refuse fleet

	September 2011																				
	10 th	11 th	12 th	13 th	14 th	15 th	16 th	17 th	18 th	19 th	20 th	21 st	22 nd	23 rd	24 th	25 th	26 th	27 th	28 th	29 th	30 th
	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Maintenance VOR	7	7	7	6	6	5	6	6	7	8	9	7	5	7	7	7	6	8	9	9	12
Breakdowns	5		0	2	1	2	0	3	0	3	0	5	3	1	2	0	5	2	4	2	0

Additional Notes:

- This information includes all VOR including tip damage/accidents.
- Breakdowns can be chassis or ancillaries and the majority are repaired on site or vehicle replaced with pool fleet.

NB: 30th September 2011 (3) inspections, (2) DoE and (7) defects.

Timeline Summary of Key Events and Initiatives achieved between Transport Policy and Fleet Services

2007

- Leeds host Cenex's first UK low carbon vehicle exhibition and conference at Elland Road

2008

- Leeds work with EST to complete a "Green Fleet Review".
Leeds successfully apply to be one of 6 UK Local Authorities included in the Low Carbon Vehicle Procurement Programme (LCVPP)

2009

- Leeds start the trial of the first UK Gas powered refuse collection vehicle.
First UK dual-fuel bin wagon started trials in Leeds

2010

- First vehicles under the LCVPP started to arrive
Leeds host 2nd Low Emission Vehicle and Conference in Millennium Square.
(£5,000 external funding.)
Leeds became certified member of the EST/DfT's "Motorvate" fleet carbon reduction programme

2011

- Leeds became first UK local authority to install a permanent quick fill gas vehicle refuelling station.
(The station got 50% (£75,500) funding from DfT's and (25% funding through LTP.)
- ENEH announce intention to order/operate 6 CNG powered vans
- Leeds Biomethane Project awarded a "Green Apple"

Alternative Fuel Vehicles at Fleet

- **6 Mercedes Sprinters Welfare Minibuses using Eco Stop/Start**
 - Vehicles appear to be performing more economically than standard variations.
- **Toyota Prius hybrid**
- **On-board hydrogen generator in a diesel powered HGV**
 - Technology is not performing as manufacturers claimed
- **19 Ford van based Ashwoods diesel-electric hybrids.**
 - Performing reliably, appears to be producing a saving compared to similar sized vans, though vehicles are larger than would otherwise have been bought in Leeds.
- **5 Ford based Smiths All-Electric vans**
 - Some teething troubles with the vehicles but appear to be performing satisfactorily.
- **1 Dennis–Eagle “dual-fuel” Diesel/CNG RCV**
 - Technology proven in trunk haulage, not performing as well as expected in RCV Application. System has recently been adjusted and is still being assessed.
- **1 Mercedes Econic dedicated gas RCV**
 - Vehicle has performed reliably and appears to be showing good potential to pay for itself within the expected lifespan of the vehicle.
- **6 small VW Caddy CNG vans recently ordered by ENEH**
 - Due to begin operation within 16 weeks (will use LCC gas station).
 - A further 30 diesel version fitted with speed limiters.

Fleet have held consultation meetings with Heads of Service in all transport related departments and a transport forum has been established looking specifically at transport related spend within the Authority and any transport integration possibilities to further reduce the environmental footprint of the service.