

Report of Chief Commercial Services Officer

Report to Scrutiny Board (Resources and Council Services)

Date: 2nd April 2012

Subject: Commercial Services Fleet Services

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" 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 checked="" type="checkbox"/> No

Summary of main issues

- 1 The purpose of the report is to provide an update for the Scrutiny Board on fleet replacements, alternative fuels, apprentices and additional income around the MOT testing facility.
- 2 Fleet replacements are due to recommence in 2012, a provisional budget of 4.6m has been allocated.
- 3 Alternative fuel vehicles are being evaluated to inform future purchases within Leeds City Council.
- 4 Fleet Services undertake an apprentice training programme and participate in work placements and back to work initiatives.
- 5 The MOT testing facility is to be expanded in order to increase capacity and generate additional income for the Authority.

Recommendations

- 6 The Scrutiny Board (Resources and Council Services) are recommended to note the further information regarding the operation of the Fleet Services Division of the Resources Directorate.

1 Purpose of this report

- 1.1 The purpose of this report is to appraise Scrutiny Board on the Authority's fleet replacement programme, influences of alternative fuels, apprentices and the generation of additional income around the MOT testing facility.

2 Background information

- 2.1 Fleet Services sits with the Commercial Services Group, part of Resources Directorate. It is a traded service responsible for the procurement and maintenance of around 1200 vehicles. It is also responsible for the safety regulation of the council fleet, the "Operator License" and contributes, through fuel management and alternative fuelling strategies, in reducing carbon emissions. The service also maintains and supplies the Councils vehicle fuelling system.

3 Main Issues

3.1 Fleet Replacement

- 3.1.1 Fleet Services have been actively involved in the fleet replacement profile over recent years to provide transport related savings to the Authority. As part of the Council's objectives to meet shortfalls in Government funding during the 2010-11 financial year transport and fleet replacement costs were reviewed for targeted savings.
- 3.1.2 A decision was made to operate the vehicles for a year longer than originally assumed within the revenue budget, i.e. running a vehicle for 6 years instead of 5 unless the technical evaluation of the vehicle indicated it would be too costly in maintenance terms to retain. Any savings deriving from this were to be reflected in the corporate lease fund.
- 3.1.3 Savings to date are £565K for 2010-11 financial year.
For 2011-12 Treasury are forecasting savings of £1.319m.
For 2012-13 Treasury are forecasting savings of £1.709m.
- 3.1.4 Fleet, in preparation for the replacement programme 12/13 have embraced the one council approach and arranged joint transport meetings with Directorates to look at other transport related efficiencies. This includes reducing fleet size or engine capacity, sharing of vehicles within services, multifunctional vehicles and specifications and the recycling of vehicles between Directorates.
- 3.1.5 In addition to transport related efficiencies, driver education, behaviours, accident monitoring, GPS and fuel efficiency training are currently being carried out which have an influence on fuel usage rates and other operational costs.
- 3.1.6 The curtailment of vehicle purchases throughout this period has provided an additional opportunity to review alternative fuel vehicles on fleet and has enabled the service to plan a future renewal strategy which includes alternative fuel vehicles.

3.2 Alternative Fuels

3.2.1 A number of trials are being undertaken on alternative fuels for both light and heavy vehicles to provide a basis for a replacement strategy, looking at costs, functionality, maintenance, reliability and residual value. This has been carried out without any prejudice to vehicle off road levels. The trials have also assisted in contributing towards a number of the Council's aims and objectives including:-

- The Leeds Strategic Plan 2008-11 (reduce ecological and carbon footprints from all sectors).
- Climate Change Strategy (reduce council carbon emissions by 80% by 2050).
- Strategic EMAS Register (EMAS objectives, KPI's and environmental policy, all refer to measures that will promote more sustainable transport and reduce carbon emissions).
- Leeds Waste Strategy (potential source of renewable energy for transport).
- Leeds Aire Quality Strategy (action plan compliments the use of low carbon transport).
- West Yorkshire Local Transport Plan 2011 – 2014 (Promote low carbon transport, proposed target to reduce carbon by 30% by 2026)

3.2.2 A forward purchase programme for alternative fuel has been established and includes for example a substantial increase in the number of gas refuse vehicles to complement the two alternative vehicles already in service. The replacement targets and associated CO2 reductions are shown in appendix 1.

To date the council fleet has covered 222,960 miles with low carbon vehicles.

3.3 Apprentices

3.3.1 Fleet Services training programme has put through seven apprentices since the year 2000, (five males and two females). Their training has covered all proactive and reactive vehicle maintenance, including electrical repairs and transport administration. Five of the apprentices have since qualified in light vehicle and heavy vehicle mechanics to City and Guilds level 3 and have been appointed to Fleet Services, while one remains in time and is due to complete the training this year. A further 3 modern apprentices have been enrolled in the group through an Apprentice Training Agency (ATA) and are undertaking a two year training programme.

3.3.2 In addition, further to a visit to the Service by Members as part of this Scrutiny exercise, initiatives are being carried out by Fleet Services to promote placement opportunities and mentoring with local schools.

3.4 Authorised Testing Facility : MOT Income

3.4.1 Fleet Services is also a designated MOT test facility for a wide variety of vehicles ranging from cars up to private buses. The MOT station not only provides MOT testing facilities for the Council's fleet but is also widely used by the general public. It is often promoted as impartial due to the Council being unable to carry out any work found on private vehicles after the test.

- 3.4.2 There are now eight nominated Testers available within Fleet Services who provide cover for all shift patterns worked and this ensures any fleet vehicle MOT test can be carried out at any point during workshop opening hours day or night.
- 3.4.3 The MOT facility provided to the general public generates additional income to Fleet with a limited number of available space to sell. Consideration has now been given to the expansion of this facility to generate further additional income for the Authority. It is the intention subject to VOSA (Vehicle Operator Services Agency) approval, to install an additional inspection lane and associated resources to increase the capacity in this area during the summer 2012.
- 3.4.4 Proposals to market the MOT test facility to LCC employees are being considered through the use of existing communication mechanisms for example payslips, intranet, internet etc.

4 Corporate Considerations

- 4.1 There are no corporate governance issues to be considered within this report as the information provided is a statement of detail regarding the functions undertaken by Fleet Services and any vehicle replacements follow the Leeds City Council Governance processes.

5 Conclusion

- 5.1 The future plans for the Service provide for a number of opportunities to improve the vehicle replacement decisions both in terms of quality and cost issues
- 5.2 The trial introduction of alternative fuel vehicles has proven successful and further expansion of this fleet is built into the new vehicle replacement programme.
- 5.3 The in-house Fleet Services Operation allows for the opportunity to provide necessary skills and training for young people through trade apprenticeships, work placements, back to work initiatives and mentoring.
- 5.4 The MOT testing facility will be expanded in order to increase capacity and generate additional income for the Authority.

6 Recommendations

The Scrutiny Board (Resources and Council Services) are recommended to note the further information regarding the operation of the Fleet Services Division of the Resources Directorate.

Appendix 1

<u>Alternative Fuel Vehicles</u>	<u>Actual 11/12</u>	<u>* Target 12/13</u>	<u>CO2 Emissions Saved Per Vehicle (Well to Wheel compared to diesel equivalent)</u>
Petrol / Electric Hybrid	1	2	Approximately 30%
Small Van -(gas CNG)	6	9	Approximately 60% using biomethane. Approximately 15% saving with natural gas
Medium Van – diesel / electric hybrid	19	22	Approximately 20%
Medium Van -electric	5	7	Approximately 30% based on UK grid mix electricity
Refuse Vehicle - 100% gas	1	9	Approximately 60% using biomethane. Approximately 15% saving with natural gas
Refuse Vehicle- diesel/gas hybrid	1	Pilot has proven inconclusive as to whether system works.	Not enough data available. Trails elsewhere suggest around 50% should be achievable

* Numbers subject to funding or approved Business case.