



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Review of the Councils Fleet Provision
Date:	22 June 2012
Reporting Officer:	Ronan Cregan, Director of Finance and Resources Gerry Millar, Director of Property and Projects
Contact Officer:	Mark McBride, Head of Finance and Performance Charlie Thompson, Principal Consultant, Efficiency Unit

1.0	Relevant Background Information
1.1	A key strand of the council's Efficiency Programme is the effective use of fleet (including procurement, maintenance, disposal, financing, whole life costing and so on). As a result of this Members agreed to review the council's fleet provision and to engage an independent fleet specialist to aid in this process. To this end Horwath Bastow Charlton in association with Transtech Consultancy Services Ltd were appointed. The requirement of this specialist was to examine, draw conclusions and make recommendations on:
1.2	<ul style="list-style-type: none"> • The current approach to fleet provision including: <ul style="list-style-type: none"> ○ the appropriateness of the current fleet size; utilisation; maintenance and disposal; ○ the current service delivery model and the role of the Fleet Management Unit; ○ the approach to fleet provision in the context of the Council; ○ the current user operational practices; ○ a value for money assessment. • Provide best practice conclusions and recommendations and comparison council information. • Provide recommendations on the future requirements and opportunities. • Develop options and delivering final improvement recommendations.
1.3	The recommendations made will allow the council to put into place a more effective and appropriate means of managing, controlling and utilising the BCC

	fleet. Ultimately this will lead the council to a better Value for Money approach to its fleet provision and help provide the necessary foundations for the council to contend with the current and future financial challenges.
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2.0	Key Issues
2.1	<p>Current Situation</p> <p>Within BCC there is a central Fleet Management Unit whose purpose is to procure, manage, maintain and dispose of an appropriate range of fleet assets. This unit consists of a total establishment of 31 with a variety of job roles encompassed within it.</p> <p>At the time of the review the council was operating a fleet of 377 vehicles ranging from refuse collection vehicles to light vans and trucks.</p> <p>Within the council the user departments manage the utilisation of their acquired fleet for their own individual services.</p>
2.2	<p>Value for Money</p> <p>Through the process of the review it was identified that the Council's fleet is much larger than it needs to be to meet operational requirements, and the recommendations made arising from analysis is that there is a reduction in the fleet size in the range of 20% in year 1 with the potential for further reductions possible in future years. In order for this 20% target to be achieved a further analysis is required to determine exactly where vehicle downsizing will occur. It is important to note that successful completion of this exercise may be dependent on operational changes required in Cleansing Services as they are the largest fleet user across BCC.</p> <p>To allow for this and to gain the information necessary to make better use of BCC's fleet it is recommended that the Council employs the use of an in vehicle GPS system. Approval was granted in May 2011 to commence the implementation of a GPS pilot, however, there has been limited progress in relation to this.</p> <p>Further recommendations to achieve improved VFM include:</p> <ul style="list-style-type: none"> • Departments supply a business case justifying the use of each of their current vehicle stock; • The life of the current vehicles to be extended by at least 1 year; • There is a corporate approach to fleet allocation and control; • The working patterns of staff within user departments to be reviewed; and • There is development and implementation of meaningful Performance Indicators (including a suite of VFM Indicators).
2.3	<p>Role of the Fleet Management Unit</p> <p>With the completion of this review and given the current economic climate and the future Investment Programme there is an opportunity to establish a more corporate role for the FMU. Establishing the FMU as a central resource that has a corporate overview of BCC's needs will undoubtedly lead not only to improved procurement, maintenance and disposal of vehicles but also to efficiency savings and improved value for money.</p> <p>It is recommended that the FMU should operate on a more interventionist basis</p>

	<p>than at present. By this, it is meant that the FMU should become a valuable internal support service to the rest of the organisation, and provides a central repository for technical knowledge, experience and understanding of vehicle engineering and fleet management issues.</p> <p>It is proposed that the FMU acts as the custodian of the BCC fleet and adopts a more proactive approach to monitoring efficiency and distribution of fleet resources.</p> <p>The FMU must operate as an internal service provider with appropriate governance arrangements, focused on providing substantial added value for the good of the council.</p>
2.4	<p>Maintenance Arrangements The council needs to examine the means by which more effective capturing of maintenance information is achieved.</p>
2.5	<p>Disposal and Replacement Policies With regards to disposal, and indeed, impacting on the cost of purchasing vehicles, it was recommended that consideration should be given to changing the method of applying BCC livery.</p>
	<p>The condition, including colour, of vehicles sent for auction can have a significant impact upon bidding and the prices realised. Whilst it may not be possible to significantly enhance the external condition of current BCC vehicles sent for sale, changing the method of applying BCC livery and including warranted vehicle information in the future may help.</p> <p>The procurement of vehicles in white or a solid metallic colour such as silver will greatly improve the price obtained on disposal. Livery can be applied through the use of adhesive vinyl decals which can be removed prior to disposal enabling the vehicle to be sold in its original factory colour paint, which will prove attractive to bidders and achieve potentially stronger bids at auction. This change will impact on the appearance of council vehicles over an extended lifecycle as BCC vehicles will eventually no longer be livered in corporate colours and therefore the issue of corporate branding needs to be fully considered in consultation with Corporate Communications and Members.</p> <p>It is recommended that current vehicle replacement policy is revised to extend the service life of all vehicles categories by at least one year, however, the full feasibility of this for each individual vehicle will be considered as part of the Improvement Programme.</p>
2.6	<p>Management Information / ICT At this point in time there is an opportunity to establish a current baseline of information on the BCC fleet that would enable targeted allocation, procurement and disposal of vehicles. The FMU should work closely with the Efficiency Unit and ISB to ensure that an accurate fleet inventory/database can be developed on the existing FleetPlan platform, containing validated operational data. A master list of the BCC fleet should then be maintained on the FleetPlan system and enhanced to link with the councils financial system.</p>
	<p>Fuel Within the council's fuel management procedures, and with the installation of a new fuel pump at Duncrue, there is an opportunity for efficiency gains in this</p>

2.7	<p>area. Once installation of the pump is completed and an interface between ICT systems is developed individual vehicle fuel consumption needs to be identified and routinely monitored. Best practice would see the establishment of individual vehicle targets managed centrally, with reports at least monthly, and driver training where necessary. The introduction of a GPS system and route optimisation technology will support the council's efforts in better fuel management.</p>
2.8	<p>Auditing An opportunity for an efficiency saving currently exists within the remit of Auditing. The existing arrangement whereby an independent contractor is engaged by the FMU is seen as not to be delivering any value and will be discontinued.</p>
2.9	<p>Implementation Programme An Improvement Programme has been developed around the above recommendations and specific actions required for completion under each recommendation have been determined. Resources required, an overall responsible officer and timeframes have been allocated to each action. This has allowed for activities to be prioritised, linkages and interdependencies to be established and a critical path to be identified.</p>

3.0	Recommendations
3.1	<p>Members are asked to agree the improvement plan for the recommendations arising from the review of the council's fleet provision (Appendix 1).</p>

4.0	Key to Abbreviations
<p>VFM – Value for Money KPI – Key Performance Indicator BCC – Belfast City Council HBC – Horwath Bastow Charlton Consultants FMU – Fleet Management Unit VOR – Vehicle off road</p>	

5.0	Documents Attached
<p>Appendix 1 - Improvement Programme Plan</p>	

Appendix 1 - Outline Fleet Provision Improvement Programme Plan

ID	Task Name	2013												2014												2015											
		3rd Quarter			4th Quarter			1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Quarter			2nd Quarter		
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	Establish the FMU as a Corporate Resource	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
2	Improved VFM and Fleet Utilisation	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
3	Reduce the current fleet size by approx 20%	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
4	Review the vehicle utilisation and working arrangements in cleansing	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
5	Change method of applying livery	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
6	Update vehicel replacement policy	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
7	Introduce GPS system	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
8	Identify efficiency fuel usage and target setting	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
9	Review current auditing arrangements	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
10	Develop VFM Pls	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
11	Targeted Procurement	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
12	Moratoria on Procurement	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
13	Review methods of purchasing vehicles	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
14	Modify current procurement processes and policies	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
15	Improved efficiency and effectiveness of maintenance	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
16	Review maintenance information base	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
17	Review the vehicle workshop	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			
18	Improved / Develop Management Information and betterequiped ICT	[Gantt bar spanning from Jul 2013 to Sep 2014]																																			