



<b>Subject:</b>	Proposed re-structuring/transfer of the Fleet Management Unit
<b>Date:</b>	18 <sup>th</sup> August 2017
<b>Reporting Officer:</b>	Gerry Millar, Director of Property & Projects
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<b>Restricted Reports</b>	
Is this report restricted?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input checked="" type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	Members will be aware that the Fleet Management Unit is part of the Facilities Management Section, which currently forms part of the Property & Projects Department. The Fleet Unit procures, manages, maintains, repairs and disposes of all of the vehicles comprising the council's fleet (currently 379 assets, valued at nearly £12m).
1.2	The Fleet Unit provides an in-house work-force to carry out the servicing, maintenance and repair of the council's fleet assets, based in Duncrue Complex. All HGV and LGV maintenance is carried out in-house, although the unit makes regular use of the private sector for specific types of work, most notably warranty or specialist work, and may also use the private sector on an occasional basis at times of peak service demand due to pressure of work arising in respect of important and high-profile public services such as domestic

1.3	<p>refuse collection and street cleansing etc where work is often time-critical.</p> <p>This paper has been tabled on foot of the 'Update on Organisational Design' paper adopted by the Committee at its meeting of 19<sup>th</sup> May 2017. Members will also be aware that the Committee has already committed to a substantial efficiency programme in respect of rate-borne revenue expenditure for the next 2 financial years in order to assist in resourcing other council priorities. This report seeks to assist in the delivery of these overall efficiency targets while at the same time providing necessary operational and service improvements within the Fleet Unit, prior to its transfer to the City &amp; Neighbourhood Services Department.</p>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is recommended to:-</p> <ul style="list-style-type: none"> <li>(a) approve the transfer of the Fleet Management Unit to the City &amp; Neighbourhood Services Department on the basis of an effective date no later than <b>1<sup>st</sup> April 2018</b>.</li> <li>(b) approve the revised Fleet staffing structure as set out in Appendix 1 together with the necessary changes set out at 3.10 below, and authorise the Director of Property &amp; Projects to proceed to implementation;</li> <li>(c) agree to receive a further report by the Director of City &amp; Neighbourhood Services later in the year in respect of the proposed integration of the Fleet Management Unit into the City &amp; Neighbourhood Services departmental structure.</li> </ul>
<b>3.0</b>	<b>Main report</b>
3.1	<p>On foot of the agreed efficiency programme, it was decided to seek submissions from suitably qualified and experienced consultants to carry out a full operational review of the Fleet unit. Following a public procurement exercise AECOM Ltd were appointed to carry out the review. The terms of reference for the review were as follows:-</p>
3.2	<p><i>"to carry out a review of the current fleet management &amp; maintenance operations and to make recommendations for the development of a service which is demonstrably cost-effective and properly configured to meet the existing and likely future demands placed upon it"</i>.</p>
3.3	<p>The AECOM team carried out a quite detailed and lengthy analysis of the Unit both on-site and from the desk-top, and produced their final report and recommendations in January 2017. These were first presented to a group of Chief Officers for initial feedback, and staff and trades unions were then briefed in relation to the proposed changes and an opportunity for consultation provided.</p>

3.4	<p>It is worthy of note that, although the terms of reference for this review did include the potential for full or part-externalisation of the work of the Unit, AECOM have concluded that there are enough positive aspects of the current service to justify its retention in-house on essentially the same basis as at present (i.e. in-house operation with occasional use of the private sector in specific circumstances as needed) and not to consider any of the various forms of externalization, but with some important and necessary changes needed in order to streamline structures, improve statutory compliance and reduce costs. This remains a positive outcome for the Unit and for those staff keen to remain within the Unit.</p>
3.5	<p>The AECOM report was quite detailed, but in essence the following broad recommendations have been made to the council:-</p>
3.6	<ul style="list-style-type: none"> <li>a) consideration should be given to re-locating the Fleet Unit within the City &amp; Neighbourhood Services Department, given that Cleansing Services is the unit's principal user and presents obvious operational synergies between the two services, and also because of the opportunities it presents to greatly improve the council's compliance with the Goods Vehicles (Licensing of Operators) Act (Northern Ireland) 2010;</li> <li>b) As BCC is paying a premium to carry out this work in-house compared to best estimates of private-sector costs the following improvements need to be made; <ul style="list-style-type: none"> <li>I. the current management structure is not optimal and needs to be rationalised;</li> <li>II. productivity is less than other comparator public-sector services in GB;</li> <li>III. there is a need to revise FMU staffing structures (and also to remove under-used vehicles) in order to realise some significant potential cost savings.</li> </ul> </li> </ul>
3.7	<p>It should first be acknowledged that, at its meeting of 19<sup>th</sup> May 2017 the Committee had, quite independently of the AECOM recommendation above, already received a recommendation relating to the transfer of the Fleet Management Unit from the Property &amp; Projects Department to the City &amp; Neighbourhood Services Department arising from the ongoing corporate re-structuring exercise as set out in the 'Update on Organizational Design' paper referred to above. The Committee is therefore requested to formally approve this transfer to occur no later than <b>1<sup>st</sup> April 2018</b> on foot of liaison between the departments.</p>
3.8	<p>However, in order to achieve the other recommended improvements identified by AECOM (i.e. better alignment with N.I. O-Licensing legislation, improved productivity, better shift management etc) the unit's structures will now have to be addressed. Consultations with staff and their representatives have been taking place for some time in relation to structural options, and a final model which complies with all of the AECOM recommendations has now</p>

	<p>been developed and discussed in detail with staff and their trade union representatives as set out in 3.12 below. The existing and proposed new structures are set out for review in Appendix 1.</p>
3.9	<p>It can be seen from these that a modest nett reduction in overall staffing levels of 4 posts is proposed. In nearly all cases the necessary changes could be made on the basis of existing applications for voluntary redundancy already received from staff. This may not necessarily apply to all of the changes however, and in such cases the standard council change-management procedures would apply. The main changes proposed are:-</p>
3.10	<ul style="list-style-type: none"> <li>• the deletion of 2 posts of Assistant Manager (one currently filled on a temporary basis) and their replacement with a single, more senior Technical Workshop Manager post managing all aspects of the day-to-day operations of the Fleet workshops;</li> <li>• the deletion of the post of Occupational Road Risk Manager and the delivery of this function from within a re-structured City &amp; Neighbourhood Services department;</li> <li>• the reduction in Fleet Technician (Fitter) posts from 12 to 10;</li> <li>• the creation of an additional post of Auto-Electrician;</li> <li>• the deletion of 2 posts of Bodywork Technician (sheet-metal worker);</li> <li>• the deletion of 1 post of Vehicle Washer/Labourer;</li> <li>• the creation of 2 new posts of Workshop Assistant;</li> <li>• the extension of the temporary arrangements in respect of the Fleet Manager post until 31<sup>st</sup> March 2018 (to be reviewed by City &amp; Neighbourhood Services post-transfer).</li> </ul>
3.11	<p>Overall, a staffing structure revised in line with the AECOM recommendations could yield cost reductions of at least <b>£191,513</b> incl. employer's on-costs and also provide the increases in efficiency and improved legislative compliance identified in the consultants' report.</p>
3.12	<p>It should also be noted that, as part of the overall change-management process and on foot of the council's employability initiatives, it would be possible to make offers of permanent employment to 2 apprentice Fleet Technicians who will imminently complete their training if the recommendations set out herein are approved by the Committee.</p>
3.13	<p><u>Industrial Relations and consultative position</u></p> <p>With regard to liaison with the various trades unions represented within the Fleet Unit there has been very considerable consultative effort over an extended period. As a result, the UNITE, GMB and NIPSA unions have all indicated their agreement with the proposals in writing (see Appendix 2).</p>

3.14	None of the trades unions with members in the Fleet Unit have raised any objections to the proposals and all are content to proceed on the basis outlined herein.
3.15	In addition, all change management will be carried out in line with all subsisting BCC policies and procedures following application of the council's standard change-management procedure.
3.16	The Committee will be aware that, where a re-structuring is proposed, the standard approach is to seek the Committee's approval for a management-preferred position, to then commence consultations on the proposals with the relevant trades unions and subsequently to bring a final report incorporating any changes made on foot of consultation to the Committee.
3.17	However, on the basis of the very high levels of trade union consultation and endorsement as set out above and the trade union endorsement of the proposals set out in Appendix 2, the Committee is requested to approve the proposed revised structure and to authorize the Director of Property & Projects to proceed to implementation immediately, without the need for further consultative work.
3.18	The Committee's agreement is also sought to grant approval for the Director of the City & Neighbourhood Services Department to bring a further report to committee in Sept/Oct 2017 outlining how the Fleet Management Structure and associated support services can best be integrated into the City & Neighbourhood Services Department to support the objectives of that Department's change programme.
	<u>Key Issues</u>
3.19	<p>The key issues are as follows:-</p> <ol style="list-style-type: none"> <li>1. responsibility for the management of the Fleet Management Unit is to be transferred to the City &amp; Neighbourhood Services Department no later than 1<sup>st</sup> April 2018;</li> <li>2. the existing Fleet workshop structures need to be modified as set out above, in order to achieve the full range of benefits set out in the AECOM report;</li> <li>3. it is intended to seek to achieve the necessary changes to structures on a voluntary basis wherever possible, and to apply the council's standard protections and management processes if this proves not to be possible in any specific case.</li> </ol>

	<p><u>Financial &amp; Resource Implications</u></p>
3.20	<p>If agreement to change structures is obtained there will be implications in terms of employee numbers and structures; however all changes would either be on a purely voluntary basis or managed via the application of the council's standard change-management processes.</p>
3.21	<p>In financial terms there would be a saving of <b>£191,513</b> per annum (excluding the initial cost of VR etc). The VR costs would be met from the existing budget for corporate VR releases as previously approved by the Committee.</p>
3.22	<p>The recommendations presented within this report address the main recommendations contained in the AECOM report, while still providing some inherent flexibility to support any future structural changes proposed as part of the City &amp; Neighbourhood Services Department wider change programme post-transfer.</p>
	<p><u>Equality or Good Relations Implications</u></p>
3.23	<p>There are no direct good relations or equality implications arising from this report.</p>
<b>4.0</b>	<p><b>Appendices – Documents Attached</b></p>
	<p>Appendix 1 - Current &amp; proposed staffing structures – Fleet Management Unit</p> <p>Appendix 2 – Outcomes of trade union consultative discussions</p>