

18<sup>th</sup> JUNE 2007

---

REPORT BY DIRECTOR OF TECHNICAL SERVICES

---

FLEET MANAGEMENT

---

1. Purpose of Report

- 1.1 To update the members of the Trading Operations Sub-Committee on the performance of Fleet Management for the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007 and an update on current issues for 2007/08.

2. Business Performance and Monitoring 2006/07 Financial Outturn

2.1

Appendix 1 provides an analysis of the variance between the surplus achieved (£80K) and the projected surplus reported at the February Trading Sub Committee meeting (£50k). This stronger than expected surplus performance, was due to a combination of several factors which occurred since the last Trading Committee meeting.

- Additional income of £27k was earned from the fuel system uplift.
- The Fleet sales income expanded by 8.0% in 2006/07 to £3.28 million. This increase in sales was due to higher material content and larger repairs relative to the previous year.
- Fleet internal productive hours in 2006/07 reached 37,551 a rise of 1.7% on the 36,909 hours generated the previous year.

3. Business Update

- 3.1 **Productive Capacity:** We were able to add additional income due to our early decision to recruit additional fitters in the knowledge that some existing staff were planning to leave.
- 3.2 **Apprentice Wage Structure:** A new wage structure has been agreed for apprentices and two apprentices have been recruited for the fabrication workshop in Newtown. Retention of qualified staff remains difficult with two staff resigning in June.

Consideration will be given to recruiting more apprentices during August / September in Duns, Newtown and Hawick as these would appear to be the locations offering the best opportunities for replacing / recruiting staff.

- 3.3 **Joint Vehicle Procurement:** Work on our Joint Vehicle Procurement initiative is progressing. Fleet Managers from 12 different local authorities in Scotland have now noted interest and expressed a desire to participate in a joint vehicle procurement programme. The objective of this exercise is to ensure that all participants obtain Best Value from vehicle procurement whilst maintaining the flexibility to source the vehicle types and specifications most suited to our individual needs.

- 3.4 **Fuel Storage & Delivery:** Fleet continues to absorb the infrastructure costs of the council's fuels storage and delivery systems. High replacement costs are expected to be incurred in 2007/08 of replacing underground fuel storage tanks which are now deteriorating in condition. Already this month we have experienced the failure of the underground fuel tanks at Langlee. They have now had to be shut off and will have to be replaced with surface tanks when funding is available. The two replacement surface tanks required are expected to cost around £20k excluding the associated infra-structure costs.

**4. Issues and Risk Commentary**

- 4.1 There are several risks associated with this report and these are described in Para 3 under main issues.

**5. Consultation**

- 5.1 The Heads of Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report. Head of Corporate Finance has also been consulted and his comments will be tabled at the meeting.

**6. Equality**

- 6.1 There are no equality issues directly associated with this report.

**7. Environment**

- 7.1 There are no environmental issues directly associated with this report.

**8. Financial Implications and Summary**

- 8.1 Fleet Management generated a surplus of £80k in 2006/07. Turnover for the year was £3.28m.

**9. Recommendation**

**9.1 I recommend that the Trading Operations Sub-Committee:**

- (a) Agree the content of this report.**

**Approved by**

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]]

**Author(s)**

Name	Designation
Bob Black	Head of Roads & Fleet
John Martin	Fleet Manager

**Background Papers:**

**ADD AS APPROPRIATE**

**Previous Minute Reference:**