

**3rd December 2007**

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**REPORT BY DIRECTOR OF TECHNICAL SERVICES**

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**FLEET MANAGEMENT TRADING OPERATION**

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**1 Purpose of Report**

- 1.1 To update the members of the Trading Operations Sub-Committee of the activities of the Fleet Management trading operation for the period 1<sup>ST</sup> of September to 31<sup>st</sup> of October 2007.**

**2 Background**

- 2.1 Fleet Management is a trading organisation which provides vehicle procurement, fleet management, vehicle maintenance and a repair service for SBc Contracts, and a range of other SBC departments as well as some external private clients.

**3 Business Performance and Update**

**3.1 Workload:**

There have been no further developments on the proposals made to Eildon Housing and to Borders College to undertake maintenance on their respective vehicle fleets.

General workload in the form of Contract and Day-works will continue to be monitored closely on a monthly basis to identify any shortfalls that might arise from current capacity restrictions.

**3.2 Budget:**

Budget surplus forecasts updates are usually synchronised with the Council's revenue monitoring cycle and so are not available due to the timing of this meeting. A verbal update / best estimate will be provided at the meeting. The surplus projection will be formally updated in the report for the Trading Committee meeting on 16<sup>th</sup> of January 2008.

**3.3 Updated Projections:**

Similarly, updated Fleet financial results will be published in the next Trading Committee report.

**3.4 Operational Issues**

**3.4.1 Accident Reduction Scheme:**

At present, the Council operates a series of "local" accident reduction schemes for occupational drivers (i.e. staff employed to drive Council vehicles). These schemes are designed to identify drivers with poor accidents records, and take action to reduce or prevent occurrence. These schemes vary in their effectiveness.

A recent review has suggested that a more systematic approach, with a common,

structured approach to dealing with drivers who are involved in more accidents than others could significantly improve driver performance, and substantially reduce repair costs.

There is also a risk – if this issue is not effectively addressed – that the Council could be liable to prosecution under Corporate Manslaughter legislation and 3<sup>rd</sup> party claims if an occupational driver with a known accident record continued driving without some type of corrective intervention by the Council, and was then the cause of a serious or fatal accident.

To address this issue, a new system (based on a successful scheme running in another local authority) will be trialled within Technical Services in the coming months. The scheme has been developed in collaboration with colleagues in Human Resources.

In the new scheme, details of every incident would be recorded consistently across all services, and any drivers involved would be interviewed on a one to one basis by an identified member of staff who would record all details of the incident.

Penalty points would be allocated to the driver based on the incident assessment. As individual drivers accumulated points this would trigger additional and appropriate driver training on a sliding scale. The objective of the scheme would be to establish a culture of training and responsibility within our drivers. In extreme cases a driver may be temporarily, or even permanently removed from driving duties.

Managers and foremen are presently being briefed on this issue, and negotiations with the unions have started. The scheme will be introduced to drivers in a series of meetings over the coming weeks. It is expected that the scheme will start around mid December.

Further reports will be brought to the committee once the scheme has been running for some months, and performance data has been analysed.

#### **3.4.2 Fuel**

Fuel costs remain high, and seem settled. Whilst there have been spikes in fuel prices previously, these have not been sustained and average unit costs over the year have generally come close to the budgeted average values but this may not be possible in 2008/9. The attached appendix 1 provides an analysis of the fuel usage throughout SBC.

The service has recently participated in a questionnaire issued by the Tripartite Fleet Review Board for the “blue light” emergency services. This was part of an investigation aimed at collaboration in fuel sourcing with the aim of reducing costs and maintaining strategic energy sources of supply in times of emergency.

The cost advantages to the Council of maintaining its own fuel supplies of fuel have always been marginal when the full cost of storing, maintaining and administering fuel supplies are taken into account. However, the argument for maintaining a reliable strategic source of fuel supply out-with the public network is very compelling and was again strongly emphasised by the Tripartite Fleet Review Board. Independently controlled fuel supplies also features in some of the Council’s business continuity plans.

#### **3.4.3 Car Policies**

Following recent changes in the regulations, there is a risk that the Council may be exposed to litigation and / or 3<sup>rd</sup> party claims if it does not administer the use of private (casual and essential users) and lease cars engaged on Council business effectively.

At present the system is largely self-policing, with the drivers themselves required to

ensure they are fit to drive, have valid licences and insurance and that their vehicles are roadworthy.

It is strongly recommended that legal opinion is sought on the position and - if necessary - funding is made available to ensure that an appropriate management regime is established.

### **3.5 Staffing:**

The service has successfully recruited two additional fitters to work on agricultural, horticultural and plant maintenance work. This will help to relieve the capacity pressure on the plant side of our business and allow us to minimise the level of external work we have to commission. Unfortunately, it has not yet been possible to recruit any additional commercial vehicle fitters.

A recruitment drive for new apprentice fitters and managers were very pleasantly surprised by the level and high quality of applicants. Two new apprentices will be appointed, one for Duns and one for the Newtown depot. Managers are considering a third appointment if it continues to prove difficult to recruit a qualified heavy goods mechanic.

### **3.6 Training:**

Training has now been completed on the latest Release 8 version of Tranman Management Information software.

A skills audit has been completed for all workshop staff.. Each staff member now has an individually tailored package of training courses defined to suit their particular needs which will be undertaken over the next 6 -12 months.

### **3.7 Health & Safety:**

The issues highlighted at the last Trading Committee with regard to depot safety still remain outstanding and awaiting appropriate capital investments at the Duns and Newtown depots.

## **4 Financial Implications**

4.1 Fleet management is forecasting the expected surplus to be some £6k below budget. The full financial report and supporting appendices will be updated in the report for the Trading Committee meeting on 16<sup>th</sup> of January 2008.

## **5 Consultation**

5.1 The Heads of Corporate Finance, Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report, or will be reported 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 Risk Commentary**

8.1 There is a potential risk of litigation / 3<sup>rd</sup> party claims if the Council does not have an effective accident reduction / driver training scheme in place of occupational drivers. This will be mitigated by the introduction of the trial scheme 3.4.1

8.2 There is a potential risk of litigation / 3<sup>rd</sup> party claims if the Council does not have an effective administrative scheme in place for private drivers / cars undertaking Council business. This can be mitigated by the actions proposed in section 3.4.3

8.3 There is a risk that high fuel prices, if sustained, will impact on all operational services

ability to achieve budgeted surpluses. Measures will be taken to compensate, as far as possible

- 8.4 The risk of staff losses has been partially mitigated by recent recruitment
- 8.5 There are an on-going Health & Safety risks and welfare issues at both the Newtown and Duns depots which can only be addressed by suitable capital investments.
- 8.6 The final outcome of single status is still awaited and remains a potential risk for Fleet Management.

## 9 Summary

- 9.1 An accident reduction scheme is about to be trialled by Technical Services.
- 9.2 Fuel costs are causing concern and highlighting the advisability of maintaining control of supplies.
- 9.3 There are issues with controls of private vehicle use for council business.
- 9.4 Two plant fitters and two apprentices have been recruited.

## 10 Recommendations

**10.1 I recommend that the sub committee**

**(a) Note the contents of this report**

**(b) Instruct the director of Technical Services to seek a legal opinion on the private car/driver issues set out in section 3.4.3 and to recommend appropriate action.**

### Approved by

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

### Author(s)

Name	Designation
<b>John Martin</b>	<b>Fleet Manager</b>

**Background Papers:**

**ADD AS APPROPRIATE**

**Previous Minute Reference:**