



To: The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert

Report by: Director of Environment

Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 12/10/2015

Wards affected: All

FLEET MAINTENANCE AND MANAGEMENT SERVICE

Key Decision

It is recommended that the committee resolves to exclude the press and public during any discussion on the exempt appendices to the report by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as it contains commercially sensitive information.

1. Executive summary

The garage service located at Mill Road Depot will need to vacate the site by March 2017 to enable redevelopment of the land. The report proposes an approach for the future vehicle maintenance and vehicle management for the City Council and for Shared Waste Service vehicles.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the proposal to establish a fleet maintenance and management facility at Waterbeach.
- 2.2 To agree the principles for the provision of fleet maintenance and management services to SCDG (Shared Waste Service) and delegate authority to negotiate and agree full terms to the Director of Environment including to delegate to the Head of Property Services the power to complete a lease for 10 years with a 7 year break clause.

- 2.3 To delegate to the Director of Environment all actions necessary to establish a Fleet Maintenance and Management facility at Waterbeach taking into account the outcome of recommendation 2.4.
- 2.4 To agree that the Director of Environment and the Chair of the Licensing Committee meet with representatives of the taxi trade to discuss the proposed changes and any impact on their businesses to inform a report to the Licensing Committee on these issues.

3. Background

- 3.1 The Garage Service maintains all the City Council fleet and the major users of the service are: Waste, Streets and Open Spaces and Estates and Facilities. The Garage also earns income for the general fund of the Council through MOTs and Servicing for external customers and taxi compliance testing. The Cambridge City fleet are currently managed and maintained by the in-house Garage Service which provides:
- the maintenance & servicing of fleet including: routine servicing of vehicles, defects repairs, replacement tyres, replacement parts, accidents repairs, breakdown services, vehicle recovery, MOTs and MOT preparation for HGVs; and
 - the management of fleet including: full maintenance scheduling, procurement, disposal, financial planning, operator licensing, legal, accident management, fuel management, vehicle location tracking management, staffing and training.
- 3.2 The City Council has expressed its intention to dispose of Mill Road Depot as part of its building rationalisation programme and to meet needs for affordable and social housing within the City. It is anticipated that the Mill Road Depot Site will be vacated and available for redevelopment by mid-2017.
- 3.3 Shared Waste Service is bringing together the management of the refuse collection activity for both Cambridge City Council and South Cambridgeshire District Council whilst each authority retains ownership of its own fleet. Whilst the project will examine the future service delivery model for the refuse collection service in the longer term currently there is no timescale for delivering this change.
- 3.4 South Cambridgeshire District Council Waste Fleet is maintained by a local HGV garage some eight miles from Waterbeach and the fleet management is provided by an in-service resource.

3.5 Officers have considered three options for the future delivery of fleet maintenance and management services:

Option 1: a comprehensive service operating out of Waterbeach Depot, for all current Cambridge City Council customers and the Shared Waste Service with the capacity to generate additional income from commercial customers. The cost of running the service (in year 4) is £738,980 per annum with estimated income totalling £765,040 income.

Option 2: a service for City Council vehicle maintenance requirements and taxi testing. The Shared Waste vehicles would not be maintained under this option and the City Council would need to incur costs to maintain its own refuse vehicles by other means. It would make no provision for other income generating commercial activity. The fleet maintenance facility would be based at a location within Cambridge City. The cost of running the service would be £167,510 with estimated income of £228,490.

Option 3: A procured service approach. South Cambridgeshire District Council and the City Council could establish a joint procurement partnership for all the vehicle maintenance and management needs.

3.6 Officers recommend Option 1 as this provides the most effective means to meet the Council's fleet needs as well as the expanded operating hours for the Shared Waste Service and the bigger premises would allow the service to develop and meet the challenge to take on additional external work. Option 2 is not recommended given that this arrangement would not deliver efficiencies around a combined facility for both Shared Waste and other Fleet needs. There is a clear benefit in the provision being co-located on one site next to the Waste fleet. Similarly Option 3 is subject to uncertainty of outcome and may not result in the operational and financial benefits of Option 1.

3.7 The Shared Waste Board, which oversees the establishment and operation of the Shared Waste Service, has agreed in principle to procure fleet maintenance services from Cambridge City Council as described in Option 1 subject to officers confirming that service, budget and procurement requirements can be met.

4. Implications

(a) Financial Implications

- 4.1 A summary of the costs and income of the current service and the preferred option are set out below. Detailed costs and income analysis are in Appendix 1.

	Current Service £	Option 1 £
Total Costs	582,470	738,980
Total Income	-550,750	-765,040
Income breakdown		
Shared Waste	0	-301,230
external income	-212,750	-241,480
Other CCC	-338,000	-222,330

- 4.2 The model makes a conservative estimate of the commercial income based on known interested parties. However, this income is not as yet secured. There are restrictions on the total amount of external income that can be generated before EU procurement rules applies. The estimated level of external to local authority based income is well within the 80/20 ratio within which EU procurement is not required.
- 4.3 In addition to the annual operating costs there will be one off costs to establish the service at the new location. These costs are presented at Appendix 1b and below:

	One off Set up Costs £	Additional rental for landlord investment £ per annum
Option 1	63,370	7,800

- 4.4 The cost of retaining an option on the lease of the garage facility in the event of any delay in decision to proceed would be an additional £80,000 for one year.
- 4.5 The landlord would make a capital investment of circa £130k to install an Authorised Testing Facility lane and an MOT bay, this capital investment will be passed on to Cambridge City Council in the form of annual rent for the life of the lease and has been included in the cost appraisal.

- 4.6 A travel to work package for staff will be part of the set up costs and based on method of travel and differential in travel to work distances between home and current work and the new location.

(b) Staffing Implications

- 4.7 The proposal secures employment for the current staff of 10.5 FTE to 13 FTE in order to meet the demand for vehicle maintenance from the Shared Waste Service.

(c) Taxi Business Implications

- 4.8 As the Licensing Authority the City Council is responsible for the health and safety for passengers being carried by hackney carriage vehicles and private hire vehicles. Currently the Council policy on licensed vehicles is that they get inspected twice a year and are issued a certificate of compliance which is a standard above an MOT. This test is carried out at Mill Road Garage by City Council fitters and usually takes one hour with the taxi drivers waiting whilst the check is done. It is important that any such test is to a standard that the licensing authority has control over and by continuing to keep it in-house the Council has much better control. It allows for consistency, and any issues raised can be resolved directly with the Fleet Manager, it also allows the Council to ensure that the vehicles are tested to the National Inspection Standards Best Practice Guide.
- 4.9 The Taxi Licensing Trade will need to be consulted on the impact of the proposed move to Waterbeach, and any such change will have to be approved at a Licensing Committee as this will result in a change to the taxi licensing policy. Regular meetings of a Taxi Forum take place and there is an opportunity for the Chair of the Licensing Committee and the Director of Environment to meet with representatives of the taxi trade before a report to the Licensing Committee is prepared.

(d) Equality and Poverty Implications

- 4.10 An Equality Impact Assessment has been conducted on this service change.
- 4.11 There will be a change to workplace and staff will be adapting their method of home to work/work to home travel as result. A 'Travel Group' has been established with managers, staff from each section within the City and South Cambs Waste Service and the Unions. This Group has been asked to assist in developing a Travel Plan that supports employees to access the Waterbeach site or, alternatively,

allow the design of the new shared service to take account of access issues for staff. The scope of this group's work will be extended to incorporate the needs from Fleet Services.

(e) Environmental Implications

- 4.12 Moving the vehicle maintenance facility to the site adjacent to the Shared Waste Depot will limit the vehicle movements for that fleet to and from alternative servicing locations and therefore have a minor positive impact +L

(f) Procurement

- 4.13 Cambridge City Council would not be required to undertake a competitive procurement process in order to acquire the lease and set up the Fleet Service Facility at Waterbeach.
- 4.14 South Cambridge District Council (SCDC) senior management responsible for Waste Service has indicated a willingness, in principle, to utilise the Cambridge City Council's Fleet Service Facility for the management and servicing of SCDC's vehicles within the Shared Waste fleet if the cost to SCDC was favourable or as compared to competitive open-market rates. SCDC are currently considering whether obtaining vehicle maintenance services from the City Council for the purposes of the Shared Waste Service is permissible without recourse to competitive tender. Cambridge City Council officers are of the view that SCDC could do so as an element of the Shared Waste Service without recourse to competitive tender as it would form part of the mutual resources of the shared service.
- 4.15 In the context of shared or cooperative services between local authorities, regulation 12 (7) of the Public Contract Regulations 2015 imposes restrictions on the proportion of the activities concerned in a shared service that can be undertaken on the open market without those activities being subject to EU Public Procurement rules. The level of works or services undertaken on the open market must not exceed 20% of the activities as a whole. Consequently, it is the understanding of officers that, if the Fleet Service Facility was utilised as a shared resource within the Shared Waste Service, the City Council would have to ensure that services undertaken by the Fleet Service Facility for external, private or commercial vehicles did not exceed that threshold.

4.16 The lease arrangements for the garage facility at Waterbeach will be on a 10 year lease with a break clause at 5 to 7 years. The risk to the Council is that if the organisation fails the City Council may be left with the costs of rent and rates of £80k per annum. In this situation the Council would need to sub-let to cover these costs.

(g) Consultation and communication

4.17 Staff consultation will be required about a change of location and this will require a 30 day period. The Fleet Manager has kept staff informed about the proposals as they have been developed.

4.18 The Garage has a small number of private customers who will need to be consulted and advised of the change of location.

4.19 The implementation plan will include detailed communications plan focussing on information needs of staff, customers and residents.

(h) Community Safety

4.20 None

5. Background papers

These background papers were used in the preparation of this report:

6. Appendices

Appendix 1 a and 1b confidential

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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