



## **CABINET – 22<sup>ND</sup> JANUARY 2025**

**SUBJECT: MOBILISING TEAM CAERPHILLY – FLEET SERVICE REVIEW**

**REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT**

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to update Cabinet on the outcome of the Mobilising Team Caerphilly Fleet Service Review and to seek approval for a proposed in-house Corporate Fleet Model.

### **2. SUMMARY**

- 2.1 The Council operates a large fleet of 538 vehicles ranging from small vans to heavy goods vehicles which are based at several locations across the county borough. These vehicles are used to deliver many essential frontline services ranging from housing maintenance to recycling and refuse collection and without vehicles many services could not operate.
- 2.2 Heavy goods vehicles (vehicles over 3.5 tonnes Gross Vehicle Weight) come under the scope of the Operator's Licence which carries strict compliance conditions such as pre-planned maintenance, daily driver defect reporting and regular safety inspections. Should any non-compliance issues be identified by the DLVA, this could result in our Operator's Licence being revoked or curtailed, which will have implications both financial and reputational for the operation of frontline services.
- 2.3 Over a number of years, the service had struggled to meet the needs of the Council's fleet. This was principally due to inadequate capacity within the vehicle maintenance workshop as the service struggled to recruit suitably qualified and experienced technicians. This resulted in a lack of capacity in the workshop to maintain the Council's fleet resulting in frontline vehicles being off the road for extended periods. Additionally, in response to the situation, more and more vehicles were being sent to external specialist contractors for repair which is both inefficient and expensive.

- 2.4 Due to the increasing risks and challenges identified and the essential role Fleet plays in delivering services to our residents, a service review was established in 2023 within the Mobilising Team Caerphilly programme. The service review has delivered a range of improvements to date including successful recruitment into the service, improved management, processes, and service levels. The service is providing greater assurance regarding vehicle and driver compliance. All of which has produced reduced VOR (Vehicles off the Road) waiting times from 4 days to 1.5 days, an increase in the Council's Operator Compliance Risk Score (OCRS), a score that reflects the quality of our Fleet, from 80% to 91%, as well as financial savings and cost avoidance.
- 2.5 Through a series of workshops, the Fleet Review Team have developed the requirements and structures that would be needed to transition to an in-house Corporate Fleet Model enabling Fleet Services to be the centralised core for all decision making and planning regarding CCBC Fleet Vehicles whilst continuing to work collaboratively with all service areas. Creation of an in-house Corporate Fleet Model will provide greater control across the authority for the management of Fleet Vehicles and Drivers. Stricter compliance control and clear understanding and management will not only lead to improved services, but also enable savings to be made from current ways of working and provide future revenue opportunities.
- 2.6 The Fleet Service overspent by £0.471m in 2022/23 and £0.236m in 2023/24. The Mobilising Team Caerphilly Fleet Service Review has achieved financial improvements, and it is anticipated that the previous overspend will be removed this year and overall savings of £0.534m over the 2-year period 2025/27 have been identified. Some of these projected savings will be to the Housing Revenue Account rather than the General Fund and the detail of this is still to be determined.

### **3. RECOMMENDATIONS**

- 3.1 That Cabinet note the improvements to the Fleet Service that have been delivered through the Mobilising Team Caerphilly programme.
- 3.2 That Cabinet approve the proposed in-house Corporate Fleet Model.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1. To inform Cabinet of the improvements made in the Fleet Service.
- 4.2. To provide further improvements to the way in which the Council's fleet is managed and operated and further financial benefits.

### **5. THE REPORT**

- 5.1 The Council operates a large fleet of vehicles ranging from small vans to heavy

goods vehicles which are based at several locations across the county borough. These vehicles are used to deliver many essential frontline services ranging from housing maintenance to recycling and refuse collection and without vehicles many services could not operate.

- 5.2 The heavy goods vehicles (vehicles over 3.5 tonnes Gross Vehicle Weight) come under the scope of HGV operator licensing which carries strict compliance conditions such as pre-planned maintenance, daily driver defect reporting and regular safety inspections. There are currently over 100 vehicles in this category which require a safety inspection every 4 or 6 weeks. Careful planning must take place to ensure that the HGVs undergo safety inspections whilst maintaining services and an adequate, reliable workshop team and modern Fleet Management system is essential for this to happen.
- 5.3 Some of the HGV fleet are specialised vehicles such as refuse/recycling collection vehicles (RCVs), compactor semi-trailers, road sweepers and gully tankers, all of which require specialist maintenance and equipment. In addition to the HGV fleet, there are other vehicles of various types, but mostly light vans. At the time of writing this report the Council has 538 vehicles currently with 121 owned and 417 hired.
- 5.4 The Council operates a purpose-built vehicle workshop located at the Tir-Y-Berth Depot with 6 inspection pits, vehicle hoists, MOT testing station, an outdoor steam cleaning ramp and vehicle wash. Over a number of years, the service had struggled to meet the needs of the Council's fleet. This was principally due to inadequate capacity within the vehicle maintenance workshop as the service struggled to recruit suitably qualified and experienced technicians. This resulted in a lack of capacity in the workshop to maintain the Council's fleet resulting in frontline vehicles being off the road for extended periods. Additionally, in response to the situation, more and more vehicles were being sent to external specialist contractors for repair which is both inefficient and expensive.
- 5.5 By the end of 2023 the service was in a challenging position:
  - Recruitment into the workshop had continued to be a challenge and resulted in the workshop being under resourced and compliance being placed at risk. Significant overspends were being incurred through the use of external companies at higher rates.
  - In December 2023, the Fleet and Vehicle Maintenance Manager resigned and due to time pressures and further recruitment challenges for the post, two managers were recruited on an interim basis via an employment agency.
  - In January 2024, our Managed Service contract with a specialist fleet company came to an end, requiring many vehicles to be returned at short notice at the end of their individual lease hire contracts. A new Fleet Management system for the Fleet Office and procurement processes needed to be implemented and embedded before February 2024.

- 5.6 Fleet as a service area within the Council should ideally work with most service areas to plan, direct, manage, coordinate, and supervise the acquisition, assignment, utilisation, maintenance, repair, replacement, and disposal of vehicles. Therefore, the risk of Fleet being unable to operate would have a catastrophic impact on many of the frontline services that we are able to deliver across the council.
- 5.7 Due to the increasing risks and challenges identified and the essential role Fleet plays in delivering services to our residents, a service review was established in 2023 within the Mobilising Team Caerphilly programme to explore whether there are ways to work differently and improve the service that the Fleet team offer to service areas across the Authority. Discovery areas included:
- Digital Enablement
  - Services and Processes
  - Strategy
  - Performance Management
  - Governance and Risk
  - Organisation
  - Values, Skills and Behaviour.
- 5.8 The Fleet Service project vision is to strengthen and improve current processes and practises that will ensure CCBC has a Fleet Service that is safe, efficient, compliant, reliable, and low carbon. From the discovery phase it was identified that service areas often make decisions and take actions around their vehicles without sufficient input and support from Fleet Service. This has led to the consideration of creating a central area of control that will seek to improve collaboration and partnership working with service areas, enable closer monitoring of compliance in line with regulations, improve performance, and enable a change in culture and ways of working to be introduced and therefore drive financial savings.
- 5.9 As part of the project the structure within the Fleet Service was reviewed. A new structure was agreed which is still in the process of being recruited into. A second Fleet Manager post was added to strengthen collaborative work across service areas, improve vehicle and driver compliance, manage the office and be responsible for procurement and vehicle replacements. Employing a second manager adds resilience to the service area and Operator's Licence and enables the service to have increased control around driver compliance and procurement. The renaming and evaluation of posts aligned to the technical skills and experience that the Fleet Service requires is enabling the service to recruit and retain suitably qualified and experienced staff. This will support the Council to maintain and service our fleet of vehicles across the borough and thus ensure continuity of the Council's business and compliance with the requirements set out in our Operator's Licence.
- 5.10 The existing Drivers Handbook has been reviewed and reissued to all staff who drive Council vehicles. To further support improvements a Managers Handbook

has also been developed and issued to managers who operate Council vehicles in their teams, and this has been reinforced with a series of Operator Licence Awareness Training (OLAT) sessions for managers.

- 5.11 Following successful recruitment into the service and due to improved Management and processes, the workshop has significantly improved its service levels, reducing VOR (Vehicles off the Road) waiting times from 4 days to 1.5 days, increasing the Council's Operator Compliance Risk Score (OCRS), a score that reflects the quality of our Fleet, from 80% to 91%, and producing savings/cost avoidance to date. The service is providing greater assurance regarding vehicle and driver compliance. The service is currently projecting a small overall underspend on the 2024/25 budget, this is a positive position and demonstrates the changes that have been put into place are delivering as the Fleet Service overspent by £0.471m in 2022/23 and £0.236m in 2023/24. which has now been brought into line.
- 5.12 Through a series of workshops, the Fleet Review Team have developed an outline of requirements and structures that would be needed to transition to an in-house Corporate Fleet Model enabling Fleet Services to be the centralised core for all decision making and planning regarding CCBC Fleet Vehicles whilst continuing to work collaboratively with all service areas.
- 5.13 It is proposed that this will be provided through a centralised Fleet Management Model, which for the purpose of the project has been referred to as an in-house Corporate Fleet Model. Centralising Fleet Management involves consolidating all aspects of managing Fleet Vehicles into a central place. Fleet Management are the core and working in collaboration with Service Areas for all decisions made regarding CCBC Fleet Vehicles. The benefits of centralising Fleet management include and are not limited to:
- Improved Efficiency
  - Enhanced Visibility
  - Reduced Administrative Burden
  - Better Compliance Management
  - Proactive Maintenance
  - Improved Driver Behaviour
  - Improved Financial Management
  - Right sizing of the fleet
- 5.14 The proposed model would centralise the management of all Fleet finances with the budget and actuals remaining in the service areas but using dedicated codes that only Fleet can access. Costs would be recorded against the correct budgets and shown under the correct services first time, based on a prior agreed fleet requirement. Service areas would not be able to vire budgets without authorisation from Fleet and normal adherence to financial regulations, and would be unable to access the codes, as it would be managed directly by the Fleet Service. The variance will be reported against each service however, as budget owner Fleet can decide to vire to resolve issues. The core Fleet team costs will not be recharged, these will be held in the centre and apportioned at

year end. This would also be consistent with the People and Ways of Working workstream under Mobilising Team Caerphilly in terms of reducing internal recharges and “No Purchase Order No Pay” requirements.

- 5.15 The Corporate Fleet Model involves the development of a central IT system where Service Areas and Fleet are able to access, view and process reports and information relating to the maintenance and management of Fleet Vehicles. The Fleet Service currently has a Fleet Management System, and it is proposed to continue to develop this system, at a small cost of £0.003m for training for the next two years, to optimise this in a way that it meets our needs and vision for Fleet.
- 5.16 Implementing an in-house Corporate Fleet Model will involve the dissemination of clear roles and responsibilities across the authority for all staff with OLAT training having already been delivered to senior managers. A clear understanding of who owns and or is responsible for Performance, Communication, Governance and Compliance is core to the success of a Corporate Fleet Model along with all stakeholders being willing to work collaboratively. This, along with better processes and procedures will also lead to a reduced administrative burden.
- 5.17 Work has begun to develop core Mandatory Training and Development arranged and provided by Fleet Services. The proposed model includes a training platform that is accessible to staff and managers to improve compliance and understanding. Central to the Corporate Fleet Model is the ability to control, monitor and manage compliance across the authority. Through the introduction of a training platform, managers and staff can access training that will improve performance through induction, refresher courses and mandatory training in response to poor performance. Fleet Services will also be able to monitor staff training and ensure that all staff have received the correct training and function in their roles with the required knowledge and understanding.

## **5.2 CONCLUSION**

- 5.2.1 Creation of an in-house Corporate Fleet Model within Caerphilly County Borough Council will provide greater control across the authority for the management of Fleet Vehicles and Drivers. Stricter compliance control and clear understanding and management will not only lead to improved services, but also enable savings to be made from current ways of working and provide future revenue opportunities. a Vehicle Replacement Strategy is also being developed with a view to a more financially efficient approach to sourcing vehicles that will reduce costs in the long term and support the Council's Decarbonisation Strategy. The Mobilising Team Caerphilly Fleet Service Review has achieved financial improvements, and it is anticipated that the previous overspend will be removed this year and overall savings of £0.534m over the 2-year period 2025/27 have been identified. Some of these projected savings will be to the Housing Revenue Account rather than the General Fund and the detail of this is still to be determined.

## **6. ASSUMPTIONS**

- 6.1 A number of estimates and projections have been made in terms of the timing and scale of future financial savings described in this report.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 This report relates to the in-house management and operation of the Council's fleet and an Integrated Impact Assessment has not been undertaken.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 The service is currently projecting a small overall underspend on the 2024/25 budget, this is a positive position and demonstrates the changes that have been put into place are delivering as the Fleet Service overspent by £0.471m in 2022/23 and £0.236m in 2023/24. which has now been brought into line. The service has also absorbed non pay inflation at the same time. The Mobilising Team Caerphilly Fleet Service Review has identified potential estimated savings of £0.534m over the 2 year period 2025/27 as summarised in the following sections. Some of these projected savings will be to the Housing Revenue Account rather than the General Fund and the detail of this is still to be determined.
- 8.2 Bringing the management of Fleet finances into one central area is expected to deliver savings. However, it is difficult to quantify these savings due to the nature of where they will be seen. For example, a Vehicle Replacement Strategy is being developed with a view to a more financially efficient approach to sourcing vehicles that will reduce costs in the long term, particularly with regard to purchasing Ultra Low Emission Vehicles (ULEVs). Another advantage would be access to economies of scale enabling Fleet to consider future procurement options that can bring savings through economy of scale, which would include considering alternative hire companies and working closely with service areas to ensure that the most suitable specification and vehicle is obtained. There is a potential £0.170m saving on an alternative hire model based on an assumption that 5% could be saved on current hire costs.
- 8.3 The in-house Corporate Fleet Model model allows for a more efficient recharging structure by using automation rather than its current form which involves a member of the Fleet Service spending around 7.5 days per month on manual recharging, reconciling to invoices and queries. This change in working would involve a more automated process which would increase efficiency within the Fleet Service and bring savings of at least £0.010m. Over £7m is recharged a year. Across the authority there has been consistent overspends on Fleet over the past few years. This cost would be mitigated through the introduction of Fleet finances being centrally managed, through tight control measures.

- 8.4 Poor driver behaviour can be costly to the authority through maintenance, claims, and vehicle returns. Through tight compliance controls and monitoring, driver behaviour can be improved and therefore unnecessary costs avoided. During 2023/24 around £0.250m of insurance claims were paid for CCBC Fleet Vehicles. 'Own Fault' claims from hitting parked vehicles and vehicles in front, fixed objects and reversing contributed £0.187m of the total. A reduction in own fault claims in the above areas can be achieved from improving driver behaviour through training and providing clearer guidance on expectations and consequences. The service review has projected a saving of £0.047m through a 25% reduction in own fault damage resulting from improved driver behaviour. Consideration is being given to not centralising this cost so that the Fleet Service does not carry the full cost of driver behaviour and so that service areas are incentivised to reduce it.
- 8.5 A recent Optrak project carried out by the Decarbonisation Team around vehicle usage, identified that there was sufficient scope within service areas to reduce the number and size of their current vehicles. Assuming a 20% reduction in core fleet (number & size), the Optrak project results estimated net savings of at least £0.300m could be achieved. The project is working to deliver an initial £0.050 this year and a further £0.250 over the next 2 financial years. These results are currently taken from an initial rough study that gathered basic data in order to understand whether savings could be made. As a result of these findings a new product is being developed that will enable more accurate data to be gathered and will give greater clarity on where future savings can be made. The in-house Corporate Fleet Model will allow Fleet Managers to work closely with service areas to share Optrak data and plan more efficient utilisation of vehicles across the service. The development of a pooling system will support services in this reduction.
- 8.6 An in-house Corporate Fleet Model will strengthen our ability to ensure that our 2030 Carbon Neutral goal is met. A move to ULEVs will require investment for EV charging stations and external funding is available to support some of these investment costs. Decarbonisation Team discovery work has identified estimated net savings of around £0.120m per year by moving to ULEVs. Due to the complexity and planning required to transition our Fleet to electric, assumptions of savings have been made over the next two years with an initial 25% and 50% saving respectively, of the estimated £0.120m.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 As part of the project the structure within the Fleet Service was reviewed. A new structure was agreed which is still in the process of being recruited into. The renaming and evaluation of posts aligned to the technical skills and experience that the Fleet Service requires is enabling the service to recruit and retain suitably qualified and experienced staff. Clear and transparent roles & responsibilities lead to everyone knowing what is expected, what needs to be accomplished, how to achieve team goals and the agreed ways of working. This reduces stress, discontent and improves staff well-being.



## 10. CONSULTATIONS

- 10.1 The consultees listed below have been consulted on this report and their views have been incorporated accordingly.
- 10.2 The “Mobilising Team Caerphilly – Fleet Service Review” was considered by the Joint Scrutiny Committee on Wednesday 6<sup>th</sup> of November 2024.
- 10.3 One Member suggested that a service review of recruitment and retention practises was required to ensure the best appointments were made. The Corporate Director for Education and Corporate Services gave assurances that this was the case and that a current review was taking place as part of the Mobilising Team Caerphilly programme. It was highlighted that Caerphilly County Borough Council would not be aggressively recruiting moving forwards due to the financial challenges faced by the Authority. The Member then raised a question on capacity and enquired if the current workshop was adequate under the new system especially as more work was brought in-house. The Corporate Director for Economy and the Environment highlighted the future acquisition of a new site to replace the current Tir-y-Berth facility as part of the agreed Waste Strategy. This site would house a new depot and vehicle maintenance workshop which would be fit for purpose.
- 10.4 A Member wished to outline how he welcomed the report and observed that it protects the Fleet Service for the future.
- 10.5 One Member asked if the Council would still be taking out external contracts to repair vehicles or if all repairs would be conducted on an in-house basis. The Green Spaces and Transport Manager advised that whilst external specialist contractors had been used previously it was now intended to bring all vehicle repair work in-house, wherever possible.
- 10.6 On the presentation of financial data, a Member found the decimal format confusing and asked officers if monetary values could be presented in a clearer way in the future. The Member also asked if rationalisation of the Council’s 538 vehicles had been considered as part of the cost-saving process. The Green Spaces and Transport Manager outlined how this was an ongoing initiative across service areas and that shared vehicle usage was one of the considerations. The Member enquired about the staffing considerations around the forecast additional income for the Fleet Service in the future. The Corporate Director for Economy and the Environment provided assurances that no redundancies were forecast within the Fleet Service and that additional revenue highlighted was realistic. It was highlighted that outsourcing was expensive and the plans to move away from this approach would produce significant savings.
- 10.7 A Member commented on issues around refuse lorries using narrow lanes to access farms and sought more information on monitoring driver behaviour. The Corporate Director for Economy and the Environment provided information on the training and monitoring of drivers of Council vehicles.

- 10.8 One Member enquired if the Fleet Review included the Housing department and whether taxi MOTs would be conducted in-house in the future. On the Housing query the Interim Chief Executive confirmed that the review did include Caerphilly Homes which had 175 vehicles and that the proposals would allow asset maintenance staff to concentrate on housing issues in the future. The Corporate Director for Economy and the Environment offered to get back to the Member on the second point after consulting with Licensing colleagues.
- 10.9 A Member enquired if the introduction of Electric Vehicles would cause challenges in the future from a maintenance perspective. The Green Spaces and Transport Manager reassured Members that a training programme was in place to ensure that maintenance staff were equipped to deal with Electric Vehicles.
- 10.10 One Member asked if hired vehicles included a maintenance contract which would reduce pressures on the workshop, and if leasing was the most cost-effective way of securing vehicles. The Green Spaces and Transport Manager advised that charging for the servicing of hire vehicles was a consideration under review.
- 10.11 A Member raised the development of a new product which would improve the accuracy of data gathered and asked officers for more information. The Green Spaces and Transport Manager provided details on work being conducted by the Decarbonisation Team which involved the Optrak system. New software would allow the tracking of vehicles and record the mileage of each vehicle which would allow more informed decisions to be made in the future.

## **11. STATUTORY POWER**

### **11.1 Goods Vehicles (Licensing of Operators) Act 1995**

Author: Rob Hartshorn, Head of Public Protection, Community and Leisure

Consultees: Councillor Nigel George, Cabinet Member for Corporate Services, Property and Highways  
Councillor Andrew Whitcombe, Chair of Housing and Environment Scrutiny Committee  
Councillor Shane Williams, Vice Chair of Housing and Environment Scrutiny Committee  
Dave Street, Interim Chief Executive  
Mark S Williams, Corporate Director for Economy and Environment  
Richard Edmunds, Corporate Director for Education and Corporate Services  
Stephen Harris, Head of Financial Services and S151 Officer  
Lynne Donovan, Head of People Services  
Robert Tranter, Head of Legal Services and Monitoring Officer

Liz Lucas, Head of Customer and Digital Services  
Leanne Sykes, Deputy Head of Financial Services and S151 Officer  
Paula Beaman, Corporate Finance  
Lesley Allen, Finance Manager  
Mike Headington, Green Spaces and Transport Manager  
Vernon Oak, Fleet Maintenance and Operations Manager  
Sarah Bennett, Transport Manager, Fleet and Vehicle Maintenance  
Sarah Price, Fleet Service Review Project Lead  
Paul Cooke, Transformation Manager (Lead) - Decarbonisation  
Fleet Service Review Project Team  
Leadership Team

Background Papers: [Caerphilly Council Decarbonisation Strategy](#)