

Report to the Cabinet

Report reference: C-032-2014/15
Date of meeting: 6 October 2014



**Epping Forest
District Council**

Portfolio: Environment
Subject: Review of the Fleet Operations Service (FOS)
Responsible Officer: Qasim (Kim) Durrani (01992 564055).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) To note the attached report by WYG Environment Limited on the review of the in house Fleet Operation Service (FOS); and**
- (2) Agree a two staged approach of scaling down FOS and relocating to a smaller vehicle maintenance workshop at Oakwood Hill.**

Executive Summary:

The Council provides an in-house FOS out of the Langston Road Depot in Loughton. The service provides a number of functions for all directorates of the Council. In addition FOS provides services to the private sector in the form of MOT tests.

The Service is intended to be relocated to the new proposed depot at Oakwood Hill as a result of the redevelopment of Langston Road Depot into a retail park. This offers an opportunity to review the way FOS is provided. WYG Ltd have carried out a review of FOS and their report is attached as Appendix-1.

There are a number of options available to the Council and at this stage it is proposed that the current service be scaled back and relocated to a smaller workshop in the new depot at Oakwood Hill. This will allow a full assessment of the extent of services required before a competitive procurement exercise could be carried out.

Reasons for Proposed Decision:

The volume of work carried out by FOS for the private sector and the associated income is significantly higher than the Councils own work. This exposes the Council to the risk of a legal challenge and a decision is required on how the FOS service is to be provided in future.

Other Options for Action:

The Service could be outsourced in its current form however WYG are advising that there is less certainty if the Council will achieve value for money.

Create an Arms Length Management Organisation (ALMO) to run the service. WYG are advising that the scale of the operation is not large enough to make an ALMO feasible.

Report:

Background:

1. The FOS has been operating at Langston Road Depot for a number of years. The Service consists of one manager and five mechanics. Besides servicing the 54 number Council Fleet Vehicles the Service undertakes MOT testing for the general public and other minor maintenance work. The income from the private sector heavily subsidises the cost of the Service.
2. The FOS also carries out MOTs and taxi inspection of the 62 Private Hire taxis, and as well as taxi meter calibration of the 430 Hackney Carriages in the District. By providing this service in house the Council ensures consistency in vehicle safety assessments and it exercises greater control on taxi inspections and meter calibrations.
3. The proposed development of the Langston Road Depot into a retail park relies upon all incumbent services being relocated elsewhere. It is intended that FOS will be relocated to the new proposed depot at Oakwood Hill along with Grounds Maintenance and a small Street Cleansing Service (provided by the new waste management contractor). The recently approved planning application provides adequate provision for the current FOS to operate from the new depot. WYG Environment were appointed in January 2014 to undertake a comprehensive review of FOS. The brief to WYG is on page 1 of their attached report.

Options:

4. There are three main options: first option is to outsource the existing 'as is' service: WYG are of the opinion, that in light of the costs associated with providing a client function, it is not a certainty that the Council will achieve value for money by outsourcing the current Service. The second option is to create an Arms Length Trading Organisation: it is WYG's view that there is no case for the Council to enter into such an arrangement. They do not see an advantage in such an arrangement rather a risk of costs and liabilities. The third option is to scale down FOS and relocate to a smaller workshop at the new proposed depot at Oakwood Hill. **(recommendation 1)**
5. The option of relocating a scaled down FOS to Oakwood Hill depot eliminates the risk of legal challenge to the Council, by reducing the size of workshop at Oakwood Hill it could be possible to relocate another service area to the new depot, continue to exercise control over taxi inspections and meter calibrations and to fully scope the requirements for testing the market in future **(recommendation 2)**.
6. The Council and Epping Forest College wish to explore possibilities for joint working to provide training and apprenticeships opportunities for students pursuing mechanical or related courses. By opting for the option to relocate to Oakwood Hill and retain an in-house FOS it would be possible to investigate partnership opportunities with the College.

Resource Implications:

The current FOS consists of 1 full time manager and 5 mechanics. The Service has provided a cost effective service for a number of years, including generating significant external income. In the year 2013/14 an income of £219,077 was generated from external MOT tests. Overall the Service made a loss of £22,833 in 2013/14. By scaling down the service the operational costs will be reduced and make the service more economic.

The estimated cost of fitting construction of a new vehicle workshop, including fitting out, at Oakwood Hill Depot is £100,000. This cost is based on providing four bays with ramps and associated infrastructure for replacement of the 'as is' workshop. This cost is estimated to reduce to £75,000 if the Service is scaled down, for example if two bays are constructed instead of four. It is proposed that any free space created by scaling down FOS should be utilised for accommodating other Council services.

Before FOS is scaled down a business plan is to be prepared which shall consist of detailed financial modelling on the viability of the Service. The plan shall justify the extent of scaling down that is necessary to make the service breakeven.

The client function of managing FOS is embedded within the existing service. If the service were to be outsourced then a dedicated client role would be required to manage an outsourced contract.

Safer, Cleaner and Greener Implications:

FOS provides services to all Directorates within the Council. Some of the work relates to supporting the front line operations that have a direct impact on the look and feel of the District: Housing Maintenance, Grounds Maintenance, Animal Wardens, Licensing - including Taxi checks and meter calibrations - and Emergency Response Vehicle.

Consultation Undertaken:

Director of Governance on the legality of generation of current levels of external income:

WYG was consulted on the preferred option of scaling down and relocating to Oakwood Hill, his comments are noted here "...reducing the size of the operation to balance resources with income has two benefits in the short term: it will reduce the budget gap and make the operation more economic; and it should mean that a lower proportion of the income is from external sources, which reduces the risk of a challenge in relation to external trading. It is clear from our discussions that Oakwood Hill would be a better location for EFDC users than a more distant location."

Background Papers:

None.

Risk Management:

It could be possible to outsource the Service straightaway, ask the new contractor to provide the workshop and save investment and more importantly space within the new Oakwood Hill Depot. The risk is that if the market could not provide a feasible solution, either on costs or the location of workshop, if too far from the south of the District, will create operational issues for service users. This risk will be managed by the provision of a scaled down workshop in Oakwood Hill. Procurement could then be carried out in future.

Due Regard Record

Name of policy or activity:

What this record is for: By law the Council must, in the course of its service delivery and decision making, think about and see if it can eliminate unlawful discrimination, advance equality of opportunity, and foster good relations. This active consideration is known as, 'paying due regard', and it must be recorded as evidence. We pay due regard by undertaking equality analysis and using what we learn through this analysis in our service delivery and decision making. The purpose of this form is as a log of evidence of due regard.

When do I use this record? Every time you complete equality analysis on a policy or activity this record must be updated. Due regard must be paid, and therefore equality analysis undertaken, at 'formative stages' of policies and activities including proposed changes to or withdrawal of services. This record must be included as an appendix to any report to decision making bodies. Agenda Planning Groups will not accept any report which does not include evidence of due regard being paid via completion of an Equality Analysis Report.

How do I use this record: When you next undertake equality analysis open a Due Regard Record. Use it to record a summary of your analysis, including the reason for the analysis, the evidence considered, what the evidence told you about the protected groups, and the key findings from the analysis. This will be key information from Steps 1-7 of the Equality Analysis process set out in the Toolkit, and your Equality Analysis Report. This Due Regard Record is Step 8 of that process.

Date / Name	Summary of equality analysis
	<p>The work carried out by FOS is essential to support front line operations that have a direct impact on the residents of the District, these include:</p> <p>Looking after Housing Maintenance fleet, Maintaining Grounds Maintenance vehicles, Vehicles for: Animal Wardens, Environmental Response Service, Emergency Response Vehicle, Technical Service Vehicle (flooding and emergency responses), and</p> <p>Support the Licensing team by carrying out Taxi checks and meter calibrations.</p> <p>The work carried out by FOS has a positive impact on some of the vulnerable groups such as elderly and infirm, for example calibration of taxi metres. While making changes to the FOS due care will be required to avoid any adverse impact on the vulnerable groups.</p>