

Report to the Cabinet

Report reference: C-009-2011/12

Date of meeting: 18 July 2011



**Epping Forest
District Council**

Portfolio: Support Services

Subject: Fleet Operations – New Equipment

Responsible Officer: Mike Tipping (01992 564280).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That Supplementary Capital finance in the sum of £24,000 be approved for 2011/12 for the purchase of a new vehicle lift and ancillary equipment to increase capacity for undertaking MoT Tests.

Executive Summary:

This reports sets out the business case for investing in new equipment at Fleet Operations to increase the capacity for undertaking MoT Tests and increasing the income generated to the Council.

Reasons for Proposed Decision:

To increase capacity for undertaking MoT Tests, this in turn will generate more income for the Council.

Other Options for Action:

Do nothing which will result in work being regularly turned away because of insufficient capacity with the resultant loss of income.

Report:

1. Fleet Operations, based at Langston Road depot, is responsible for maintaining, servicing and repairing the Council's fleet vehicles, carrying out taxi and private hire vehicle licensing inspections and is a registered vehicle testing station (VTS) with the Vehicle and Operator Services Agency (VOSA).

2. The establishment consists of a Fleet Operations Manager (also a qualified mechanic registered with VOSA to carry out MoT tests); 5 full time mechanics (also VOSA registered) and a part time administrative assistant.

3. Fleet Operations occupies four bays in the existing workshop accommodation within the depot.

4. It is worth mentioning that as part of its targeted risk based enforcement at vehicle testing stations and following the latest survey, VOSA assessed Fleet Operations as being at

low risk of non compliance with a risk score of 117.7 which represents an improvement on last years' score of 255. Fleet Operations has therefore retained and improved its position in the top quartile for performance of all VOSA registered vehicle testing stations.

5. In 2010/11 Fleet Operations made an operating surplus of £85,544 largely due to the income generated from MoT tests.

6. Currently MoT testing is undertaken for a number of local franchised car dealerships and small local garages, taxi and private hire vehicles licensed with the Council, staff and members and the general public.

7. Each test takes between 30 to 35 minutes to complete. The current lift and ramp equipment requires 2 people to perform the test, the mechanic carrying out the inspection and a second person sitting in the vehicle operating the controls.

8. This practice works when undertaking tests for staff, members and the general public because in the main the owner remains in the vehicle and operates the controls.

9. However the franchised dealers simply drop off the vehicles without waiting which means that each test ties up two mechanics or one mechanic and another member of the fleet operations staff, if available.

Proposal to Increase Capacity

10. MoT work is increasing and at present an average of twenty tests per week are having to be turned away because of lack of capacity. This represents a potential lost income of £46,000 per annum. In addition a new commercial dealership has recently opened in the area and initial signs are that the Council will be asked to undertake their MoT tests.

11. Currently two lifts/ramps are used for MoT testing. Each lift/ramp can process two tests per hour but it requires two people for each lift/ramp.

12. It is therefore proposed that Fleet Operations expands into an additional bay within the workshop building and invests in a new lift/ramp and ancillary equipment that will enable one mechanic on his own to carry out MoT tests. Initially it is anticipated that one mechanic will be able to carry out a test every 45 minutes. This will increase capacity and enable an additional 60 tests per week to be undertaken. This figure may well increase once the mechanics have become familiar with the new equipment and the new methods of working that will be involved.

13. The capital cost of the new lift/ramp and ancillary equipment, including a small contingency is estimated at £24,000 supplied, installed and certified by VOSA. This figure is based on a quotation already obtained although two more will be sought in order to comply with financial regulations and contract standing orders.

14. If this proposal is agreed it is intended to use the new lift/ramp predominantly for the franchised dealer MoTs which means that based on 60 tests per week it has the potential to generate additional income that could achieve a total operating surplus of over £200,000 in a full financial year.

15. However it will take some time to generate sufficient extra business to reach the maximum potential but the investment costs could be recouped in nine weeks of the new ramp being installed and made operational.

16. Based on 6 months potential additional income for the remainder of 2011/12 it is

estimated that the operating surplus would exceed £100,000.

17. There are no increased staffing costs associated with this proposal because of a more efficient use of resources. The Fleet Operations Manager and the mechanics will have to undergo training in the use of the new equipment but these costs can be met from within the existing training budget.

18. The investment in the new equipment prior to relocation to Oakwood Hill Industrial Estate will not be wasted as it will be easily transportable to the new depot when the move occurs.

Resource Implications:

Supplementary Capital Finance of £24,000 in 2011/12. An increase in the estimated operating surplus to in excess of £100,000 in 2011/12. No additional staffing costs.

Legal and Governance Implications:

Proposed expansion complies with Council's current policies and will generate additional income to the Authority. The proposal will not conflict with local authority trading regulations.

Safer, Cleaner and Greener Implications:

No specific issues have been identified.

Consultation Undertaken:

None.

Background Papers:

Quotations received for the supply, installation and VOSA certification of the proposed new equipment.

Impact Assessments:

Risk Management

Increased capacity within Fleet Operations will generate additional revenue income which will contribute to the revenue savings that need to be achieved in 2012/13 and beyond.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A.