

Executive

Value for Money Review of Vehicle Maintenance and Fleet Management

5 September 2011

Report of Strategic Director for Environment and Community, Head of Environmental Services and Improvement Project Manager

PURPOSE OF REPORT

To consider the findings of the Value for Money Review of Vehicle Maintenance and Fleet Management and the recommendations arising from the report.

This report is public

Recommendations

The Executive is recommended to :

- (1) Endorse the VFM conclusion that the service offers good value for money and has actively driven down its cost base, providing a top performing, high quality service
- (2) Adopt the Service Plan Framework as a guide for the service in future years including areas for future improvements, savings and increased income
- (3) Note the projected MOT Bay income shortfall in 2011/12 and the plans in place to reduce costs and increase income to address the shortfall in-year
- (4) Agree the following recommendations to achieve additional savings and income:
 - £8k per annum from 2012/13, through improved fleet procurement and reduced spending on parts
 - Potential future revenue savings and income of £12k from a number of sources including working in partnership with other agencies, neighbouring councils and procurement partnerships
 - Additional new capital income source totalling £12k in both 2011/12 and 2012/13, rising to £24k in future years, as a result of improving the re-sale value achieved at auction from Council-owned equipment.

Executive Summary

- 1.1 The Corporate Improvement Plan 2011/12 includes a number of Value for Money (VFM) Reviews aimed at contributing to the Council's public promise

to save £1m 2012/13.

- 1.2 The Value for Money Review for Cherwell's Vehicle Maintenance and Fleet Management Service found it offers good value for money to the Council. It has actively driven down its cost base, while the number of vehicles it maintains has increased and is highly praised by client departments. In comparison to others, the team is top performing on a range of productivity and quality measures. Further, the service highly values its 'low risk' assessment for its Large Good Vehicle operation and MOT bay from VOSA, the Vehicle and Operators Service Agency. The Review's Executive Summary and Recommendations is attached as Annex 1.
- 1.3 A Service Plan Framework has been developed setting out the function's aims and a range of actions to reduce costs, increase income and add value. The framework is set out in Annex 2.
- 1.4 This Review sets out a projected shortfall in MOT income of up to £30k, and a range of measures to address this within the year.
- 1.5 A range of further revenue savings and income of £8k, with a potential further £12k, are identified and also a capital income stream of £12k rising to £24k by 2013/14. All of which contribute towards achieving the Council's Medium Term Financial Strategy.
- 1.6 The full Value for Money Review is on deposit in the Members' Room and available on-line.

Proposals

- 1.7 To adopt the recommendations of the VFM Review in full:
 - note the Value for Money conclusion reached by this Review set out in Annex 1
 - adopt the future Service Plan Framework for the Vehicle Maintenance and Fleet Management Service set out in Annex 2
 - Note the MOT Bay income shortfall and proposed measures to address this situation
 - agree to achieving additional savings and income, both revenue and capital, as set-out in this report.

Conclusion

- 1.8 Cherwell's Vehicle Maintenance and Fleet Management Service offers good value for money to the Council.
- 1.9 The Service Plan Framework sets out a guide to planning the future service, within which the service can undertake its annual service and budget setting activity.
- 1.10 Agreeing to the level of income and savings proposed by this review assists the Council in delivering its Medium Term Financial Strategy.

Implications

- Financial:** This service has continued to drive down its costs while maintaining high standards. The benefit of these cost reductions are reflected in the budgets of those clients departments who use this service and a recharged accordingly. The service also generates income for the Council and this Review has identified a shortfall of potentially up to £30k by the end of 2011/12 brought about by refurbishment of the depot, reduced bookings believed to be in response to the economic downturn and potential impact on income of a severe Winter like last year. The service has identified a range of measures to address the shortfall in-year. This will be tracked through the Council's budget monitoring and the income target reviewed as part of the 2012/13 service and financial planning process. Further, a range of additional savings and income options are offered as part of this Review, both revenue and capital, to contribute to the Council's Medium Term Financial Strategy. Comments checked by Karen Curtin, Head of Finance, 01295 221551
- Legal:** There is a strict legal framework for the operation of Large Goods Vehicles and an MOT service. The Council has in place all the necessary processes and procedures for compliance with the legal requirements and values its low risk assessment by the regulators VOSA. Comments checked by Nigel Bell, Team Leader – Planning and Litigation, Legal & Democratic Services 01295 221687
- Risk Management:** This is a service that underpins the delivery of many of the Council's main public services. Given the regulatory environment for the operation of this function, a balance needs to be struck between the wish to save Council funds and the investment in staff skills and equipment that is fit for purpose. This review shows that this balance is well understood and the improvement proposed in management information systems will add further to the quality of decision making in future years. Comments checked by Claire Taylor, Corporate Strategy and Performance Manager 01295 221566
- Data Quality** Unlike other VFM reviews, there is no appropriate data collected across Revenue Estimates 2010/11 from the Council's CIPFA defined group of similar authorities. Equally, not all authorities have a service retained in-house. Therefore, to make comparisons and reach conclusions, the data used has been collated across authorities with similar functions and broadly comparable services. Other information is sourced from VOSA assessments, APSE (Association of Public Service Excellence) benchmarking information. This has been supplemented with an in-house satisfaction survey. Financial data/comparison has been prepared by the relevant service accountant.

Comments checked by Neil Lawrence, Project Manager,
Improvement 01295 221801

Wards Affected

All

Corporate Plan Themes

A Cleaner, Greener District

Executive Portfolio

Councillor Macnamara
Lead Member for the Environment

Document Information

Appendix No	Title
Annex 1	VFM Review Executive Summary & Recommendations
Annex 2	Service Plan Framework
Background Papers	
Full VFM Review of Vehicle Maintenance and Fleet Management on deposit in the Members' Room and available on-line	
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