

REPORT TO	ON
CABINET	19 June 2019



TITLE	PORTFOLIO	REPORT OF
Vehicle Maintenance Transformation	Environment	Assistant Director of Neighbourhoods

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	No
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to inform members of the urgent decision taken in April 2019 to enter in to a contract agreement with FCC Environmental to maintain and service the vehicles utilised to fulfil their Waste Collection Contract with Chorley Borough Council.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 That Cabinet notes the decision to enter into a maintenance contract with FCC Environmental to service and maintain the vehicles utilised to fulfil the Waste Collection Contract with Chorley Borough Council.

3. CORPORATE PRIORITIES

- 3.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
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4. BACKGROUND TO THE REPORT

- 4.1 FCC Environmental have been employed by South Ribble Borough Council since June 2015 to undertake the Waste Collection Contract on behalf of the Council and are

based at Moss Side Depot. The space they currently occupy in order to fulfil this contract is provided free of charge as part of the contract agreement, this consists of an office, an area within the yard for the parking of vehicles overnight and joint use of the welfare and communal areas within the depot building.

- 4.2 Chorley Borough Council Waste Contract was tendered in 2018 with a start date of April 2019, FCC Environmental approached South Ribble Borough Council at this time to discuss whether it would be possible to operate both contracts from the Moss Side Depot should they be successful, it was agreed that they would be allowed use of the depot as a base for the Chorley contract for a sum of £35,000.00 per annum. This would involve the use of an additional office area, all other occupation would remain the same.
- 4.3 In February 2019 FCC approached South Ribble Borough Council to enquire if we would service and maintain the vehicle to be utilised to fulfil the Chorley contract on their behalf, a specification was costed and following further negotiation a contract agreed and signed by The Chief Executive for the sum of £120,000.00 per annum. This cost includes all labour and material costs, it does not however include costs related to damage, which will incur additional charges as appropriate.
- 4.4 In addition FCC Environmental requested the ability to utilise the refuelling facilities provided at Moss Side Depot to refuel the vehicles used to fulfil the Chorley contract, the fuel is purchased by South Ribble Borough Council and supplied to FCC with an on cost of 6% this currently generates £15,000.00 per annum in on costs for the South Ribble contract and it is estimated that a similar figure would be generated through the Chorley contract.

5. PROPOSALS

- 5.1 That Cabinet note the urgent decision to lease the additional space at the Moss Side Depot to FCC Environmental and to enter in to a service contract for the vehicles used to fulfil the Chorley Waste Contract with the same.
- 5.2 The additional usage of the facilities at the Depot will allow for a more efficient and effective use of facilities generating additional income for the Council going forward.
- 5.3 In May 2019 the Vehicle Maintenance Workshop was accredited to undertake MOT Testing for vehicles owned by the Council and private individuals, this along with the servicing contracted detailed above allows the facility to operate on a more commercial basis going forward.

6. FINANCIAL IMPLICATIONS

- 6.1 The income generated through the lease of additional facilities, the provision of fuel and the servicing of the vehicles utilised to fulfil the Chorley contract is estimated to be in the region of £170,000.00 per annum. The figure quoted as profit in the decision was £50,000, however following the failure of staff to transfer and a re-assessment of fuel usage and material costs the profit expected to be realised has risen to approximately £90,000.00 per annum.

7. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 7.1 The option to maintain the current arrangements was considered, however it was felt that this would result in missing the opportunity to optimise the use of the facilities and generate additional income for the Council.

8. LEGAL IMPLICATIONS

- 8.1 The lease of facilities and the servicing contract are both subject to a legal agreement which runs until June 2029 and as such both parties are bound by the terms and conditions of the agreements.

9. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 9.1 Under the terms of the maintenance contract two existing members of staff were due to transfer under TUPE regulations at the commencement of the contract, however these staff did not transfer having found alternative employment. We have since employed an additional mechanic and are in the process of recruiting another mechanic to enable the contract to be fulfilled.

10. ICT/TECHNOLOGY IMPLICATIONS

- 10.1 None

11. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 11.1 The additional use of facilities is subject to a lease agreement.

12. RISK MANAGEMENT

- 12.1 The Council is subject to the terms of a service agreement and there is a potential risk that Council may be unable to meet these, if workloads are not managed appropriately.

13. EQUALITY AND DIVERSITY IMPACT

- 13.1 None.

14. RELEVANT DIRECTORS RECOMMENDATIONS

- 14.1 That Cabinet notes the decision to enter into a maintenance contract with FCC Environmental to service and maintain the vehicles utilised to fulfil the Waste Collection Contract with Chorley Borough Council.

15. COMMENTS OF THE STATUTORY FINANCE OFFICER

- 15.1 The income from the lease of the facilities and the fuel administration fee are included in the approved revenue budget forecasts (c£50,000). The additional net income of around £40,000 as a result of securing the vehicle maintenance contract will be included in the 2019/20 revised budget and Medium Term Financial Strategy.

16. COMMENTS OF THE MONITORING OFFICER

The purpose of the report is to notify Cabinet of a decision that has been taken pursuant to Standing Order 35. The decision is for noting.

17. BACKGROUND DOCUMENTS

There are no background documents to this report.

21. APPENDICES

There are no appendices to this report.

Andrew Richardson
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