

Fleet Services Review for Middlesbrough Council

The aims of the project were:

- To provide a high level options appraisal of Middlesbrough Council's future operating model for its Fleet Services.
- Provide the Council with an action plan for future work which may be required to progress the findings of the options appraisal.

There were a number of reasons why this review was necessary, not least costs of the service having risen significantly in recent years, from a budget of circa £800k in 2020/21 to over £1m in 2023/24.

Five options for the future target operating model were assessed: continuation of the current arrangements; a more commercial, outwardly facing model; a move to leasing vehicles; a hybrid model, with a mix of leasing and purchase; and a shared services model, working with other authorities. Each of these options were assessed against agreed critical success factors.

As a result of this appraisal, two recommended options (not mutually exclusive) were identified, which the Council is now taking forward. The project also identified some opportunities to increase income for the service, as well as some other specific actions which the Council should take, around the current site and procurement planning.

The challenge

The main area of focus was to assist Middlesbrough Council to identify a way forward for the transformation of the Council's fleet service.

This service provides and maintains the Council's fleet of vehicles, from small horticultural vehicles to large, specialised vehicles such as Refuse Collection Vehicles (RCVs). Vehicles are hired out to all council departments for long and short-term needs, and a full range of vehicle maintenance and services are provided in the workshops. These services are also available to other public and voluntary sector organisations which are funded by the Council.

Currently the Council provides its fleet services on an inhouse basis, with the Council purchasing and maintaining vehicles for the use of all services across the Council. Most servicing of vehicles is undertaken internally, subject to capacity, within a central depot at Resolution House.

Costs of the Council's Fleet service have risen significantly in recent years, from a budget of circa £800k in 2020/21 to over £1m in 2023/24.

The Council used the available support to assess the options for its approach to the provision of fleet services – such as options around purchasing, leasing, or hybrid operating models.

The solution

The project was delivered through a number of stages as outlined below:

Stage 1 - Information Gathering & Review:

This involved a review of the relevant contractual, service and financial information for the service. This desktop review was complemented by a wider high level review of the fleet services sector within local government, both within Tees Valley and nationally.

Stage 2 - Workshop: In February 2024, we held a workshop which agreed:

- the critical success factors for the future operating model
- the long-list of options to be considered
- the criteria for assessment of the options
- the relative weighting of the criteria

Stage 3: Conducting the options appraisal

At this stage we conducted the options appraisal. This included the application of the agreed criteria from the workshop against each of the options and scored as agreed at the workshop. Five options were assessed: continuation of the current arrangements; a more commercial, outwardly facing model; a move to leasing vehicles; a hybrid model, with a mix of leasing and purchase; and a shared services model, working with other authorities.

Stage 4: Reporting back

At this stage we presented our findings of the appraisal back to the Council. This provided the Council with two options which we believed were a sufficiently close fit with their identified critical success factors that they were able to proceed with further option development.

The impact

The primary impact of the review was to give the Council an evidence-based assessment of options, as assessed against the agreed Critical Success Factors, and roughly at a Strategic Outline Case / Outline Business Case level of detail.

This in turn gave them a way forward for Fleet Services, with two options (not mutually exclusive) having been recommended.

The work also identified:

- Some of the early actions which the Council should take (such as around valuation of the current depot)
- The challenges and opportunities facing the Council in procurement, with many contracts due to expire; regardless of the future operating model for fleet services, this work identified the need for a clear procurement plan to manage, at least on an interim basis.
- Some opportunities for quick commercial wins through review of the current charges being set by the Council.

How is the new approach being sustained?

The Council will now progress with further development of the identified options, through the normal process of Outline and Full Business Case development and implementation.

Lessons learned

- Although not a frontline service in the truest sense of the term, because of the range of frontline, high profile services which are wholly dependent on fleet services, it should be regarded by councils as being an essential part of front-line service delivery.
- In assessing options for a service of this kind, the impact of the local labour market, in staffing recruitment and retention, is critical to the deliverability of many, if not all, options.
- This is not, generally, an area where local government has focused on new approaches to drive efficiencies, but there may be opportunities to drive efficiencies in this area across the sector.