

## ABERDEEN CITY COUNCIL

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COMMITTEE	Audit and Risk
DATE	25 <sup>th</sup> February 2015
DIRECTOR	Peter Leonard
TITLE OF REPORT	Public Inquiry on the 19 <sup>th</sup> December 2014 regarding concerns about the councils "Goods Vehicles Operator's Licence".
REPORT NUMBER	CHI/15/135
CHECKLIST COMPLETED	Yes

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### 1. PURPOSE OF REPORT

The purpose of the report is to inform the Committee of the details of the Traffic Commissioners concerns which led to the Public Inquiry into the councils "Goods Vehicles Operator's Licence".

The report also gives an overview of these issues, other operational service issues associated with fleet management, and the proposed and current measures put in place to deal with all of these.

### 2. RECOMMENDATION(S)

That the committee:-

- a) Note the contents of the report; and
- b) Instruct the Head of Public Infrastructure and Environment to bring a report to the next meeting of the Audit and Risk Committee; which gives details of the Fleet Services Action Plan that has been put in place to deal with service issues; and
- c) Instruct the Head of Public Infrastructure and Environment to update future meetings of the Communities, Housing and Infrastructure Committee of the progress made on the Fleet Services Action Plan.

### 3. FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from this report. It is the case, however, that costs will result from the actions taken to make Fleet Services and the council compliant with current legislation and regulations; and to ensure that the council is operating within the conditions and terms of its "Goods Vehicle Operating Licence".

#### 4. OTHER IMPLICATIONS

There are clear implications for the Council's management of risk in relation to public and employee safety; management of vehicles, plant and equipment; and business continuity.

#### 5. BACKGROUND/MAIN ISSUES

##### 5.1 Introduction

On the 3<sup>rd</sup> October 2014 Aberdeen City Council received notification from the Office of the Traffic Commissioner (OTC) that there would be a public inquiry into the council's "Goods Vehicle Operator's Licence" ("the licence") (Appendix A - copy of letter from the Office of the Traffic Commissioner and Appendix B – Brief for Public Inquiry).

The public inquiry was called due to the Commissioners concerns about the council's perceived lack of progress in addressing problems identified in an investigation by the OTC on the 14<sup>th</sup> January 2014; coupled with a warning letter also issued by OTC regarding vehicle maintenance on the 5<sup>th</sup> July 2013.

At a public inquiry there are a number of options open to the Traffic Commissioner which range from further warnings through to revoking "the licence" in its entirety. Other sanctions include the reduction in the number of vehicles that can be operated or the number of operating centres.

If the Traffic Commissioner revokes the licence, she may also disqualify the holders (individuals named) of the licence in the name of Aberdeen City Council or any of the Directors for a specific period or indefinitely from holding another licence, and from being a Director of any council which holds such a licence.

Any sanctions imposed by the Traffic Commissioner would have operational consequences on the council and could severely impair a number of council delivered services.

The Chief Executive (CEO), Director of Communities Housing and Infrastructure, Head of Public Infrastructure and Environment and the Fleet Manager attended the Public Inquiry held on the 19 December 2014 in Aberdeen.

The Traffic Commissioner had previously received evidence, submitted by the council's legal representative, as to how it intended to meet the requirements to exercise continuous and effective management of our transport activities.

The Traffic Commissioner questioned the CEO, officers of the councils and spoke to Union representatives who had also attend the inquiry as observers.

The outcome of the hearing was that the Traffic Commissioner gave the council until the end of January 2015 to put in place effective procedures to address the concerns identified by the previous investigations.

After which time the Council would be subject to two unannounced visits by the “Drivers and Vehicles Standards Agency” (DVSA) to inspect vehicles and records, to ensure that the council vehicles are roadworthy and that effective systems have been put in place to ensure compliance with “the licence”.

The Traffic Commissioner reduced the number of vehicles<sup>\*1</sup> on “the licence” from 124 vehicles to 111 vehicles. She stated that if vehicles were stopped by DVSA and/or the Police vehicles and faults were found or drivers in breach of legislation then the “the licence” would be at risk. She also stated that any MOT failure would put “the licence” at risk.

The council has been instructed to attend a future hearing with the Traffic Commissioner which is set for the 12<sup>th</sup> May 2015. The council will be required to present further evidence to demonstrate to the Traffic Commissioner that vehicles are being maintained to ensure road worthiness and that effective measures are in place to meet the requirements of “the licence”.

\*1 Vehicles listed on “the licence” are those which need a goods vehicle operator’s licence. This is where a business uses goods vehicles above a certain weight. You need a licence to carry goods in a lorry, van or other vehicle with a gross plated weight (the maximum weight that the vehicle can have at any one time) of over 3,500 kilograms (kg).

## 5.2 Review of Fleet Services and current actions

A review of Fleet services was commenced in October 2014, as soon as senior officers were made aware of the Traffic Commissioners concerns, following notice of the Public Inquiry. It was evident that the council was not effectively managing compliance and keeping accurate records and consequentially the CEO put the service into special measures.

The service is managing around 1700 assorted vehicles<sup>\*2</sup> plant and equipment. “The licence” did allow the council to have on the road up to 124 goods vehicles<sup>\*1</sup> but this has now been reduced to 111.

An initial inspection of the service has raised concerns over a number of operational areas which includes:

### a) Road worthiness of vehicles

Measures have been put in place to ensure that all vehicles and road going plant is “road worthy”. Maintenance procedures are being followed and managed to ensure compliance and that vehicles, plant and equipment are safe. Driver’s checks and responsibilities have been reinforced. Training is being given where a need is identified.

### b) Compliance

A review of all procedures, policies and systems is on-going to ensure that the council is compliant with the requirement of “the licence” and Health and Safety. This includes the facilities, vehicles, drivers and management of data.

c) Staff Resources

The Fleet Service organisational structure is being reviewed to ensure that it is appropriate and sustainable to ensure the effective management of the council's fleet.

d) Depots, Workshops, Operating Centres and Facilities

The service has one main workshop facility based at Kittybrewster, and there are currently a further 7 operating centres including Kittybrewster throughout the city. There is a need to review these sites and facilities to determine if they are fit for purpose and meet the needs of Fleet and associated Services.

e) Budgets and Procurement

The service is currently running at a predicted overspend of approximately £900k (as at period 10) and historically procurement of replacement vehicles, plant and equipment has not been timely. Information about service costs and other financial management information regarding vehicle running costs etc. is not readily available.

f) Other work

There are other works carried out by Fleet Services service. This other work includes:

- MOTs, servicing, maintenance and repair of private vehicles.
- Approved MOT Testing Centre
- Taxis Licencing Check Centre
- Management of Hydrogen Bus Maintenance and Hydrogen Refuelling activities.
- Vehicle management systems and information.
- Fuel management.

Consideration needs to be given as to how this work is delivered and managed in the future.

g) Governance

The service has no clear corporate governance structure for reporting service performance or incidents. Also there are issues around culture and behaviours which need to be resolved. The review will consider how the performance of this service will be reported back to Elected Member and CMT. This will include the development of key performance indicators to ensure that a high level of service is maintained.

h) Service Monitoring, Audits and checks

The service needs to put in place appropriate systems to monitor check and audit data and activities to ensure that a high level of compliance is maintained; and if any infringement to due process occurs that the service can identify the infringement and take appropriate action.

Existing systems are being reviewed and where gaps are identified then systems are being designed and implemented.

<sup>\*2</sup> Goods vehicles and other light commercial vehicles, which are those vehicles *with a gross plated weight (the maximum weight that the vehicle can have at any one time) of up to, but not exceeding, 3,500 kilograms (kg).*

### 5.3 Recovery of Fleet Services

A compliant, effective and efficient Fleet Services is business critical and the transformation from its current service delivery standards must be a priority for Aberdeen City Council. This includes how the council manages compliance with “the licence” and manages drivers, vehicles, plant and equipment in other services.

The “road to recovery” is going to take some time. Compliance with the requirements of “the licence” is priority and this has commenced with measures having been put in place to improve current practices in fleet management. To embed these measures across the council, establish best practice throughout all services and to deliver an effective and efficient Fleet Service will take some time and require investment. It will require a fundamental shift in behaviours and culture across the council to ensure that the importance of Fleet Compliance is equitable with Health and Safety.

The Council has in recent years recognised that it needs to invest in this service and has done so by identifying capital finance to invest in the fleet assets. However, it is clear that there will need to be further investment in staff resources, operations and facilities.

Whatever future arrangements are put in place for vehicle maintenance there are still requirements for “Fleet Management Services” if front line operations continue to run large commercial vehicles “in house”. To this end one of the first tasks must be to identify and recruit to an appropriate “Fleet Management Services” organisational structure which should have the appropriate levels of delegated authority and responsibility to manage corporate fleet compliance.

An action plan mapping all the measures that have been put in place and that are still required to improve the service is being prepared and the intention is to bring a report to the next meeting of the Audit and Risk Committee; which gives details of the Fleet Services Action Plan that has been put in place to deal with service issues

It is also intended to report progress on the Fleet Services Action Plan to future meetings of the Communities, Housing and Infrastructure Committee.

There has been significant improvement with compliance within Fleet Services and all other council services which manage fleet, plant and equipment on a day to day basis.

It is commendable to see managers, staff and unions working together to continue to improve the current services and to resolve identified problems.

## 6. IMPACT

Successful implementation and delivery of a robust vehicle management and health & safety management system will reduce risk to the council and ensure compliance with the council's "Goods Vehicle Operator's Licence".

A corporate approach to all processes undertaken in terms of inputs and outputs is required. A sustained and systemic approach covering the Plan, Do, Check and Act will be the core elements of managing compliance.

The level of success will be dependent on the attitudes and behaviours of the employees within the council.

To improve a proactive positive vehicle management and health and safety culture will require effort from all levels within the council by visibly displaying and enforcing positive core behaviours; and challenging unsafe behaviour in a timely way.

## 7. MANAGEMENT OF RISK

There are clear risks associated with the maintenance of the council's vehicles, plant and equipment and in how the council manages its drivers and operators. These are:

- a) Risks to business continuity in relation to not meeting the conditions and requirements of the Councils "Goods Vehicle Operators Licence" resulting the licence being revoked and the Road Maintenance and Waste Collection operational services having to be procured from the private sector.
- b) Increased risks to public and staff through failure to safely maintain vehicles, plant and equipment; and also the failure to ensure the effective management of drivers and operators.

The measures that have been put in place and those being developed to improve the existing fleet and operational services will mitigate these risks.

## 8. BACKGROUND PAPERS

Appendix A - Copy of letter from the Office of the Traffic Commissioner

Appendix B – Brief for Public Inquiry.

## 9. REPORT AUTHOR DETAILS

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