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Future Highways Research Group – Fleet Review Survey Output

Introduction

In early 2022 Proving Services were engaged by a major midlands local authority to carry out a full review of their fleet operation. Part of the brief provided for a survey of other local authorities with fleet operations which should include those provided to authorities by the private sector. The survey was sent to a number of authorities including all members of the Future Highways Research Group (FHRG).

The survey consisted of 28 questions in sections designed to capture data on the type of authority, details of the fleet managed, fleet maintenance, fleet management, procurement, fleet management systems, telematics, grey fleet and pool cars. The questions on management of pool cars were added as it became clear that the management of these could be an integral part of the delivery of an effective and efficient overall fleet service. A series of interviews were also undertaken with some of the respondents to supplement the quantitative data from the survey with some richer, qualitative data.

Response Rate

Questionnaires were sent to all members of the FHRG and several additional authorities identified as key operators in the sector. A total of 16 surveys were returned; a good response given the commitment required to complete the survey against competing operational challenges. Eight comprehensive interviews were also undertaken which provided an invaluable, detailed perspective of the challenges and issues facing the sector. The excellent response rate and commitment by the sector to the research was an indicator of the importance attached to fleet operations in local government. This is no doubt linked to the declaration of climate emergencies by many authorities and the impending need to move towards carbon neutrality. The emerging picture from the Carbon Analyser work of the impact of fleet operations supports the view that this is a critical area of work.

Authority Details

The full range of authorities responded to the questionnaire including city, county, district, boroughs and unitary councils.

All respondents did so from the perspective of a centralised fleet service for the whole authority. Most were providing the full range of fleet management, maintenance and compliance for the whole authority with three having varying levels of maintenance carried out by private sector partners. It was disappointing that no authority with a fleet service wholly or mainly operated by a private sector partner took part in the survey.

None of the authorities interviewed were considering any form of outsourcing, either partial or full. There was a consensus that in-house provision offered a degree of flexibility and certainty for delivery which could not be guaranteed by the private sector.

Capital budgets for fleet varied considerably with very little correlation to the size or type of authority. The main factor impacting on capital budgets appeared to be the age of the fleet and therefore the replacement programme. Some capital budgets were bolstered by prudential borrowing and capital receipts from asset disposals. There was limited evidence of recent extensive grant winning in the sector.

Neither was there any correlation between the size of fleet managed and maintained to the size of the revenue budget. For two authorities with similar revenue budgets, one had fleet of 1,000 and plant of 1,000 whilst the other had 300 and 100. Further work will be needed to understand how budget elements such as corporate overheads are dealt with.

Only two authorities had not declared a climate emergency but one of those had a net zero target of 2050. Of those that had declared a climate emergency, most had a net zero target of 2030.

Details of Fleet

The size of fleet varied from 100 to over 1,000 with most being in the 500 – 1,000 range. Similarly, the amount and type of plant varied from 50 or under to over 1,000 units. The numbers of fleet and plant managed and maintained did not appear to relate to the type or size of authority.

All authorities surveyed had a vehicle operator's license.

The number of depots varied from one to over 10. Whilst many of those with over 10 were larger rural authorities, one district and one borough authority operated with over 10 depots.

The adoption of EV and other ULEV vehicles was limited. The majority had 10% or less of the fleet as EV or other ULEV. The vehicles were usually cars or other light vans with an almost complete absence of larger vehicles such as refuse collection vehicles or sweepers. Only one of the authorities surveyed had managed to make a complete switch to either EV or other ULEV.

Several authorities were still considering the scale of switch to ULEV's with most predicting only a modest target of up to 25% in the next five years. The supplementary interviews carried out suggested that the relatively new state of some of the larger EV products was a barrier to uptake together with the considerable increase in initial purchase price when compared to similar ICE vehicles. Many authorities had concerns about the range and durability of the vehicles currently available.

The utilisation of alternative fuels such as hydrogen or biodiesel was inconsistent and perhaps demonstrates the difficulty authorities are having in attempting to plot a way forward in such a changing environment. Many authorities are trialling alternatives, but this is mainly biodiesel. The lack of availability of hydrogen has hampered its use despite much interest in the product from within the sector. Only one authority had adopted the use of Gas To Liquid (GTL), with almost its entire fleet now running on it except for a small number of EV vehicles.

During the interviews it became clear that the rapidly changing cost of the various fuel options has made long term option planning difficult. It was suggested that biodiesel has increased in price by around 40 pence per litre whilst the cost of electricity has increased substantially, recently making cost comparisons increasingly difficult.

Given the rising cost of electricity and the gradual shift to the use of EV's, it was surprising to see an almost complete absence of the use of solar panels on depot buildings to generate electricity. Only two authorities were generating electricity from their depots with one other indicating they were

planning to. A potential barrier might be that the responsibility for the management of depot building and electricity costs often rests with the authorities' property teams or other corporate functions. Investment decisions by these often failed to link the provision of depot generated electricity with a switch to EV's and charging.

Another substantial barrier to the provision of EV charging appeared to be the electricity distribution networks' inability to provide sufficient capacity into depots. During the interviews this problem appeared to be widespread with substantial investment levels being required from the distribution companies to provide the required capacity. This issue suggests the use of depot buildings to generate solar power may be an emerging priority for many authorities, although the current cost of battery storage is a barrier to any switch.

Fleet Maintenance

Most authorities maintain their fleet in their own workshops. Capacity issues were often quoted as reasons for the limited use of external dealerships, with one also occasionally using a local garage. The type of procurement for the vehicle also led to some authorities having leased vehicles maintained by suppliers.

The maintenance of plant follows a similar pattern, although two authorities have their plant maintained by the supplier.

There was an almost universal use of external suppliers to provide tyres, LOLER, hydraulic hoses, recovery and parts, oil and lubricants. Only one authority indicated they did not use external suppliers for any of these services and four indicated minor variations by providing breakdown or parts, oil and lubricants internally.

None of the surveyed authorities operated a standard night shift other than to cover winter maintenance activities. Some also operated a call out facility.

Only two of the surveyed authorities operated a shift on a Saturday with the rest limiting the service to weekday operation. Most operated varying shift patterns with earliest shift start times ranging from 06.00hrs to 07.00hrs. Finish times ranged from 16.30hrs to 21.15hrs. Those operating workshops on a Saturday restricted opening to the morning only.

Almost all authorities reported difficulty in recruitment and retention of staff, especially technicians. Many had revised or were in the process of revising pay levels to reflect the current state of the fleet related jobs market. There was an element of frustration at the often lengthy time involved in getting the required approvals for pay increases, with the private sector being much quicker to act to recruit and retain staff.

Fleet Management

Virtually all authorities were purchasing their vehicles outright, some with the support of prudential borrowing or receipts from capital sales. Some authorities did hire or lease a small proportion of vehicles where outright purchase was not possible or desirable. Only one authority used contract hire with an element of flexible hire and one other used operator leasing exclusively. Market uncertainty around the ICE/EV/Other ULEV options had driven the contract hire decision which left the authority with more options once the situation became clearer.

The situation with plant was even clearer with nearly all authorities purchasing outright with minimal levels of hire either contract, flexible or spot hire. One authority opted to acquire plant through operator leasing.

There was widespread use of frameworks to procure, either as a collection of authorities or through some of the larger regional frameworks. Three authorities using frameworks also carried out some limited individual authority procurement. Two authorities were procuring themselves.

All but two of the authorities surveyed had their own tanks for fuel. Six of those supplemented this with the use of forecourts. One authority issued their drivers with fuel cards and one used only forecourts.

Virtually all authorities procured vehicles to a mainly standardised specification which may be a result of the widespread use of frameworks and the recent supply difficulties in the industry. Most of these authorities also procured with some minor bespoke specification changes to standard. Three authorities were procuring highly bespoke vehicles.

No authority had a single badge policy although many expressed a desire for this because of the potential for efficiencies in areas such as maintenance operations and stock control. The potential issues around procurement law appeared to be the main barrier to the implementation of a single badge policy. One authority has attempted to restrict types of vehicles to a single badge.

There was almost universal use of auctions to dispose of fleet vehicles which have been bought outright with only one authority also using local and national trade outlets. Authorities that were also interviewed suggested that auction prices were often higher than expected due to the supply chain issues in the industry. Those authorities leasing or hiring vehicles simply returned them to the supplier.

Plant which had been procured outright was almost universally sent to auction with the occasional use of the scrap process. One authority also used local and national trade outlets to dispose of plant.

Fleet Management Systems

There appeared to be some consistency across the authorities surveyed, with most of those using Tranman to manage their fleet. Three used Asset Works, one Chevin Fleetwave and one R2C Online.

Telematics

Unlike fleet management systems there was little consistency across the sector with the telematics systems used. UK Telematics was being used by three authorities, two used Dennis Connects, two CMS Supatrack, two Exactrack and two Matrix. Several authorities were using multiple systems and those interviewed all expressed reservations about the usefulness of the outputs.

The use of telematics to drive efficiency and to control the use of fleet emerged as one of the main challenges for the sector. Some were attempting to build their knowledge and expertise to ensure they could extract maximum value from their telematics. This appears to be a priority for the sector in the drive for the most efficient fleet operation.

Grey Fleet and Pool Cars

Few fleet teams had any involvement in managing grey fleet, with only five having a partial involvement.

Supplementary questions about pool cars were issued after the initial survey. All authorities operated pool cars and two also had other vehicles such as small vans available. Only one authority fleet team managed pool vehicles with the others being managed corporately or through each relevant department. Booking systems ranged from the use of Outlook to Condeco and Asset Works Motorpool.

Incorporating the management of grey fleet and pool cars into the overall management of fleet will be a potentially important factor for those authorities which have declared climate emergencies with an impending need to reach net zero.

Conclusion

The management of fleet is emerging as a critical element in efforts to reach net zero. There are several barriers preventing authorities from planning to react to impending carbon targets including the turbulence in the energy markets and concern about the efficacy of some of the emerging technologies.

There is a groundswell of frustration within the sector over the difficulty presented in attempting to plot a way through the constantly changing landscape on the way to net zero. Sharing knowledge and experiences during these difficult times offers a potential way forward for the sector which may help to reduce the risks to individual authorities.

Recruitment and retention emerged as a sector wide issue, with many authorities increasing pay levels in an attempt to compete with the private sector.

Telematics were viewed as an important tool with which to drive efficiencies, but most authorities were still working to leverage the right data from their existing systems.