
TITLE: ECDC Waste and Street Cleansing Services Fleet Maintenance Review

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[V98]

1.0 ISSUE

1.1 To provide the Committee with a report covering the review of the waste and street cleansing vehicle maintenance SLA and provide its recommendations.

2.0 RECOMMENDATION(S)

2.1 Members are requested to:

- (i) Approve the review and a three-year extension to the Fleet Maintenance Service Level Agreement with Cambridge City Council, and;
- (ii) Instruct the Director of Operations to enter into a new three year Service Level Agreement with Cambridge City Council

3.0 BACKGROUND

3.1 As the owner of the waste and street cleansing vehicles, provided to East Cambs Street Scene for the delivery of services under the Memorandum of Agreement, it is the Council's responsibility to ensure these vehicles remain in a well maintained, safe and roadworthy condition, under the regulations of its Operator's Licence set by the Traffic Commissioner.

3.2 As the Council owned operations depot, located in Littleport, does not have the necessary infrastructure to provide an in-house maintenance facility at this location, this service has to be outsourced.

3.2 The current maintenance service is provided by Cambridge City Council (CCC) under a Service Level Agreement (SLA). This SLA was entered into on the 1 March 2018 and is set to expire on the 31 March 2021.

This service is provided by a dedicated, state of the art vehicle maintenance facility, situated locally in Waterbeach, 13 miles from the operations depot in Littleport. The facility is in close proximity to the waste disposal facility, where all waste collected by ECSS is disposed of.

3.3 This SLA was drafted and agreed as part of the preliminary work required in creating and implementing East Cambs Street Scene Ltd in April 2018. The previous contactor responsible for the waste and street cleansing service (Veolia) owned their own vehicles and therefore were responsible for the complete maintenance. As Veolia were also operating out of the dept in Littleport, they too had to outsource this service. During their contract period,

all vehicle maintenance was completed by an outside contractor, located in Southery.

- 3.4 The current SLA covers all routine maintenance, including mandatory six weekly safety inspections, MOT preparations and tests as well as all other vehicle related defects and breakdowns.
- 3.5 The SLA details specific rates for all maintenance requirements, including a fixed hourly labour rate as well as fixed timescales for the completion of routine safety inspections, services, MOT preparations as well as a fixed percentage uplift on all parts used. These fixed rates remove the risk of cost fluctuations and supports greater budget control.
- 3.6 The current value of the SLA is circa £300,000 per annum, £900,000 over a three-year period however; the yearly overall cost is likely to fluctuate as the vehicles age and require more frequent and substantial maintenance and repair work. Additionally, as this is an SLA with a local authority, it is not subject to a procurement process and framework.
- 3.7 The current SLA details a termination clause stating that either party can terminate the agreement by giving no less than six months' notice in writing. This is a clause that will continue into the reviewed and extended SLA.
- 3.8 Over the initial three-year period of this SLA, CCC have provided a comprehensive, all-inclusive service which has consistently ensured the Council's vehicle fleet remained safe, roadworthy and compliant under all statutory requirements.
- 3.9 Cambridge City Council maintenance facility is located in close proximity to various other amenities ECSS use on a daily basis. This includes the tipping facility, for all collected waste streams as well as the vehicle fuelling station which is directly outside the current vehicle workshop. The combination of all three of these facilities in one location results in a one stop shop for all of our needs. If vehicles develop a fault or defect, the rectification of this can be strategically timed with tipping off or refuelling. This further reduces vehicle downtime as well as removing unnecessary vehicle journeys, resulting in a further reduction of carbon output.
- 3.10 Waste collection and street cleansing vehicles, including all of their ancillary equipment, is specific and requires specialist knowledge to maintain and repair. Currently, CCC's vehicle technicians are fully equipped and competent to effectively manage these systems. When reviewing possible providers, it is imperative these specialist pieces of equipment can be maintained adequately and in accordance with the manufacture's guidelines.
- 3.11 Cambridge City Council workshop also provides vehicle maintenance services to Greater Cambridge Shared Services, which provides waste and street cleansing services of a similar nature, to the City and South of Cambridge as ECSS does for East Cambs. City and South Cambs, as is ECDC, are members of RECAP meaning that a common interest is shared with vehicle

specification and procurement. This materialises in joint procurement contacts with vehicle providers, resulting in both authorities acquiring the same vehicles, at higher volumes. This further provides the CCC workshop with greater buying power, resulting in lower prices that are transferred to us as the customer.

4.0 MARKET TESTING

4.1 As part of this review, low level market testing was carried out to ensure ECDC received best value before requesting the Committee extend the current SLA.

4.2 This testing highlighted that there were possible other providers located within the local area for consideration. The three possible suppliers are:

- Glovers, Chettisham
- Bowles, Southery
- Volvo, Witchford

These possible providers were considered on the following criteria:

- Proximity to ECSS's Operations Depot
- Sufficient maintenance and parking space to accommodate the fleet
- Ability to provide the level of service required as detailed within the O'Licence
- A skilled and knowledgeable workforce
- Fixed labour and parts rates
- Provide a service to cover ECSS's operating times
- Provide an out of hours breakdown service to cover outside of normal operating hours

4.3 The requirements of the O'Licence highlights the importance of maintaining a vehicle fleet to a set standard to ensure the safe operation of a commercial a fleet. It is therefore crucial that a maintenance provider is chosen who can perform and deliver to this standard.

4.4 The location of the providers facilities needs great consideration. The time spent travelling to and from a maintenance facility is dead time that cannot be used by the company to carry out its contracted services. Additionally, travelling distance to and from the maintenance facility also contributes to the total carbon output of the company alongside increased fuel costs. Sourcing a contractor that has a facility in close proximity to the operational depot is therefore positive.

4.5 With an expansive vehicle fleet which requires a wide range of specialist equipment, it is imperative that a provider has skilled, experienced and knowledgeable employees as well as an extensive array of technical equipment to ensure work can be completed to the standard required, within

the given timeframes, as well as sufficient operating space to handle the size and variety of the vehicle fleet.

5.0 OUTCOME

5.1 The garage with the closest proximity (Glovers) has not met the necessary criteria. They are a smaller workshop nestled in a small industrial estate, with minimal operating space and therefore, do not possess sufficient space to effectively manage the maintenance of multiple large heavy goods vehicles of the fleet.

5.2 The previous contractor used by Veolia (Bowles) declined the possibility of providing the maintenance service due to staffing constraints and capacity and therefore, would be unable to provide the level of service that is required.

5.3 The Volvo garage, located at Lancaster Way, consists of a substantial vehicle maintenance facility which meets the majority of the listed criteria. However, as a dedicated manufacturers dealer garage, they are unable to supply the specialist knowledge and experience, associated with the variety of vehicles in the fleet.

Additionally, although the location of the facility is in close proximity to the operations depot, the road network and structure poses a risk. The addition of multiple heavy and light commercial vehicles could pose additional stress on the A142 and the associated Witchford roundabout.

5.4 Other suppliers were identified; however, these were located well outside of the district and therefore, would not be suitable due to excessive downtime, due to travelling and the associated additional carbon output they would create.

6.0 IMPROVING THE SERVICE

6.1 To ensure that ECDC and ECSS continue to receive the highest levels of service, it is proposed that specific key performance indicators (KPIs) are included within the extended SLA with CCC. These KPIs will ensure that the contractor is constantly being held accountable for the service they provide and will create a solid platform for monthly, quarterly and yearly reviews. These reviews will then be further information to take into consideration at the end of the SLA period.

6.2 Below is a table highlighting the proposed KPIs.

Service Area	Description of Target	Performance
Routine Safety Inspection	Vehicles scheduled for routine safety inspection to be completed by the Supplier and notification of completion provided to the Client within 24 hours (excluding major defects)	95%
Annual MOT tests	Vehicle MOT pass rate	100%

Ancillary Equipment	LOLER and bin lift tests and certification completed in accordance with the service schedule	100%
First Time Fixes	All defects found during routine inspection by the Supplier or reported directly by the Client is to be repaired first time, removing recurring issues	95%
Vehicle Downtime	Vehicle breakdowns, including tyres, to be attended to within 1 hour	95%
Vehicle Defects	Any vehicle defect presented to the Supplier by the Client, by means of a "defect book", will be rectified and the defect signed off by the responsible technician, before being returned to the Client	95%
Communication	Daily VOR information to be communicated to the Client, informing them of vehicles that remain off the road and those that are completed and ready to be collected by the client	95%
Communication	Weekly "call up" schedules to be provided to the Client by the Supplier	100%
Training and Qualifications	The Supplier to ensure its staff are IRTEC accredited (or the relevant standard) for the length of this SLA	95%
Record Keeping	The Supplier is to provide a record of all necessary paperwork within 24 hours of its completion	95%
Finance	The Supplier is to provide invoices on a monthly basis Invoices are to detail a full breakdown of costs (including those created through the use of a third party) and the vehicles they are assigned to	100%

6.3 The use of these KPIs will further ensure that the services provided are to the standard we require and failure to meet these targets will result in necessary rectification from the Supplier. The risks associated with the detailed KPIs on ECDC and the O'Licence it holds are severe. Substantial and consistent failure to meet these KPIs could result in the ECDC Operator's Licence being revoked by the Traffic Commissioner, concluding with ECSS no longer able to operate a vehicle fleet to deliver services to the residents.

6.4 The KPIs listed cover the most important areas required to ensure the fleet continues to operate efficiently reducing possible downtime on the service ECSS provides on behalf of ECDC.

7.0 CONCLUSIONS

- 7.1 After investigating the other possible local providers, none of these meet the requirements and specifications posed by ECDC and therefore, should not be recommended as suppliers.
- 7.2 With CCC already providing a comprehensive service, that meets all of the existing service specification, they are the preferred recommendation.
- 7.3 The inclusion of a six-month termination clause listed within the SLA ensures that in the future, if the requirements of the vehicle maintenance service were to alter, ECDC would be in a position to freely review the SLA and recommend a change in supplier.
- 7.4 The addition of set KPIs further ensures the supplier meets the requirement of the service. The monitoring of these KPIs will assist during future reviews of the service and the service level agreement.
- 7.5 The current location of the maintenance facility creates a one stop shop that meets a variety of ECSS's needs. Continuing with this location reduces an additional carbon output by commuting to an alternative site for vehicle maintenance as well as travelling to the previous site for other necessary activities.

8.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 8.1 The cost of vehicle maintenance forms part of the management fee paid to ECSS to provide the Waste and Street Cleansing service.
- 8.2 Although the fleet is owned by ECDC, general operating costs, including vehicle maintenance is managed and controlled by ECSS.
- 8.3 Over the term of the existing SLA with CCC, vehicle maintenance services have been provided efficiently and in line with the budget arranged as part of the management fee.
- 8.4 Although the current and projected spend exceeds that required for a formal tender and framework process, the fact that this agreement is not a contract and rather a service level agreement, with a six-month termination clause, removes the need for this process.

9.0 APPENDICES

Appendix 1

Existing Vehicle Maintenance SLA between East Cambridgeshire District Council and Cambridge City Council (1 March 2018 – 31 March 2020)

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	Room 101B The Grange, Ely	Jo Brooks Director, Operations E-mail: jo.brooks@eastcambs.gov.uk