



# Executive Decision Report

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## ***Technical Services Review***

Decision to be taken by: City Mayor  
Decision to be taken on: 26 May 2015  
Lead director: Frank Jordan

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## **Useful information**

- Ward(s) affected: All
- Report author: Frank Jordan
- Author contact details:
- Report version number plus Code No from Report Tracking Database: n/a

### **• Purpose of report**

The purpose of this report is to seek approval to budget adjustments totalling £3.13m arising from the spending reviews that have been undertaken in relation to Highway and Transportation Service and Facilities Management.

It outlines budget adjustments to be made over the financial years 2015/16 up to 2018/19.

### **• Summary**

The technical services review forms part of the Council's programme of spending reviews and had an indicative savings expectation of generating on-going savings of £3 million.

This report confirms that the £3m is on track to be achieved, albeit over a three year period and also requiring a range of complex and challenging actions. The savings are identified from the following areas of service.

- Fleet Management
- Highway and Transportation Service
- Facilities Management

### **3. Recommendations**

The Executive is recommended to;

- To approve the budget reductions of £3.13m as outlined in the financial implications section of this report.

## 4. Report

- 4.1 The spending review was last reported to the Executive on 11 December. Since then the following actions have been implemented.
- 4.2 The Strategic Director has met with the Trade Unions in meetings on 15<sup>th</sup> January and 16<sup>th</sup> April to brief them on the savings identified as part of this review. However it should be noted that the savings relating to an organisation review in highways will be subject to further formal consultation with the trade unions before the revised structure is implemented.
- 4.3 A procurement exercise to secure external support for the implementation of the fleet review has been completed. The successful contractor, Edge, has since undertaken a due diligence exercise to verify the level of savings that can be achieved. This has recommended that a £1.97m savings target is realistic from fleet and passenger services.
- 4.4 These savings will be delivered as a result of the following initiatives:
- Reduction in the total number of vehicles
  - Improving driver performance to reduce the number of accidents and excessive fuel use
  - Reviewing the maintenance arrangements for the council's fleet
  - Extending the running life of our vehicles to up to twelve years
  - Reviewing the council's policies for taking vehicles home and staff travel
  - A reduction in management posts
  - Reviewing the council's arrangements for the procurement of taxis.
- 4.5 An internal review of highways has been conducted which has identified savings of £814k. These savings will be delivered from the following actions.
- Technical budget adjustments by charging car park management costs, pedestrian zone bollard management and the national concession scheme to the parking income account
  - Conversion of traffic signals to LEDs to reduce energy costs. It should be noted that this will require capital investment for £1m from the energy reduction fund which has already been approved.
  - Consulting on and implementing a revised structure for highways and transportation
  - Implementing a fixed penalty and permit scheme for street works
  - Sharing services with the county council
- 4.6 An external review of facilities management was completed in 2014. This identified savings of £346k from the following areas.
- Reviewing the management structure for facilities management
  - Repackaging and reducing the total number of contracts for maintenance
  - Reducing the number of security staff in the central estate
  - Centralisation of service charge management

## 5. Financial, legal and other implications

### 5.1 Financial implications

The Technical Services Review aims to identify on-going savings of £3m, which are on track to be achieved from the vehicle fleet (£1.97m) and highways design and maintenance. (£0.8m) and FM (£0.35m)

The activities required to deliver these savings will be delivered throughout the course of the next three years and budget adjustments can only be taken once these actions have been completed. The table below therefore provides a summary of when the budget adjustments can be made to each of the service areas identified in this review.

	<b>Budget Adjustments £000s</b>				
<b>Service</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	
Fleet		902	825	243	
FM		346			
Highways	589	175	50		
<b>TOTAL</b>	<b>589</b>	<b>1423</b>	<b>875</b>	<b>243</b>	<b>3130</b>

It should be noted that the 2015/16 budget already assumes a £0.4m reduction in fleet costs from earlier years' budget decisions and that this budget adjustment is already confirmed. In addition, a significant proportion of the fleet review savings is expected to result from housing vehicles, and hence will accrue to the Housing Revenue Account.

Colin Sharpe- Head of Finance, ext. 37 4081

### 5.2 Legal implications

With regard to the various spending reviews, there are two areas from which the main legal implications arise.

#### **Procurement:**

As is identified in the report, any procurement of goods or services must be undertaken in accordance with the Council's Contract Procedure Rules and public procurement law (particularly the Public Contracts Regulations 2015 ) with advice from legal services and Corporate Procurement.

Where the value of services/works being procured by the Council is over the EU threshold, such procurement must be conducted in accordance with the relevant provisions of the Public Contracts Regulations 2015.

The termination, extension or amendment of any existing contracts for the provision of Services must also be done in light of the above, as well as the contract terms themselves.

Sharing services with the County Council should be dealt with by the appropriate agreement, depending on the nature of the arrangements. Legal services will continue to assist with any contractual implications arising in relation to the matters described in this report.

Emma Horton, Principal Solicitor, ext 1426

**Employment:**

A reorganisation of the three service areas identified will have consequences in respect of staff employment rights. Consultation with unions and staff is a key aspect of both a Review and potential redundancies; consultation for both must be meaningful.

Paragraph 4.2 above highlights that consultation has not been completed in all areas and consequently may result in changes to the revised structure before implementation. Further consultation will be required upon implementation and which may impact on the final outcomes of the proposed plans.

Employment legal advice in connection with either the conduct of a Review and/or redundancy procedures is available upon request.

Caroline Woodhouse, Supervisory Solicitor, Legal Services.

### 5.3 Climate Change and Carbon Reduction implications

Council travel generated the equivalent of 3,371 tonnes of carbon dioxide in 2013/14, of which the fleet accounted for 64%. Fleet and wider travel management is therefore important to the Council's achievement of its 50% carbon reduction target (as well as reducing its air pollution emissions). It is recommended that the Fleet Rationalisation Board includes emissions reduction as one of the stated objectives of its own role and that of any external provider brought in to manage Council travel. An emissions reduction target for the programme will be tasked to the external consultant to develop in consultation with the Environment Team.

Carbon emissions from traffic signalling account for approx. 2.7% of the council's carbon footprint. The programme to replace signals with LED bulbs is on track to reduce CO<sub>2</sub> emissions by 47% by 2025.

Council buildings (including schools) account for three-quarters of the council's carbon emissions. Facilities Management plays a critical role in reducing these emissions through taking measures to repair and replace doors and windows, roof insulation, improve plant and equipment and to set heating controls correctly. Energy efficiency and carbon reduction targets should be set for the four initial planned works contracts to be let by the Investment Division.

Louise Buckley, Environment Team, 37 2293

