



Briefing 15-13 March 2015

## Maximising Income Generation in Fleet Maintenance Services

For those local authorities, lucky enough to have retained their fleet maintenance provision, there remains a continuing need to deliver a high quality service whilst maintaining pressure on service budgets. Garage workshops are an expensive asset but also offer opportunities for additional income to offset financial pressures elsewhere

### Key issues

- Garage facilities can be flexibility operated to increase utilisation and revenue
- Significant commercial opportunities for plant and vehicle maintenance exist
- Local Authorities maintain a highly trained fleet maintenance workforce

### Repair Contracts:

Getting the maximum utilisation from the workshop asset is essential to spreading fixed costs widely. Many workshops operate a 2 shift system to allow for greater throughput, opening at 6am and closing at 9pm.

There are an enormous number of other organisations that require fleet maintenance. Local authorities are unlikely to have a cost base that makes them competitive for repairs to private cars, but they do have the expertise, staff and equipment for a large variety of heavier vehicles.

#### Public bodies:

- Other local authorities
- Police
- Fire
- Probation service vehicles
- School minibuses
- 'Dial-a-ride' type charitable transport

#### Private:

- Locally based contracts for highways and lighting
- Passenger transport vehicles
- Haulage
- Vehicle and plant hire/leasing companies
- Warranty work for vehicle manufacturers e.g. Dennis Eagle, Johnston Sweepers, Terberg
- National Breakdown companies
- Local fleets for national companies in remote areas

- Statutory Taxi testing

Durham Council carry out repair work on Ford commercial vehicles by fully trained Ford technicians at their Meadowfield depot.

Pembrokeshire County Council provide the following extensive vehicle services:

- Pembrokeshire Coast National Park Authority – Vehicle Maintenance.
- The Probation Service – Vehicle Maintenance.
- BT Fleet including The AA – Vehicle Maintenance.
- Dyfed Powys Police – Diesel Fuel from bunkered storage.
- Doctors on call – Diesel Fuel from bunkered storage.
- Hywel Dda University Health Board – Diesel Fuel from bunkered storage.
- The Blind Society – Vehicle Maintenance.
- Withybush General Hospital and Pembrokeshire Hospitals – Vehicle Maintenance, Diesel and replacement vehicles.
- All hired vehicles serviced in house.
- Pre MOT Brake and headlight tests for local LGV operators.
- Haverfordwest Community Council – Vehicle Maintenance.
- Class 4 and Class 7 MOT tests for the general public.
- Taxi Testing for Pembrokeshire Taxis.

From a marketing aspect, it is more efficient to identify potential clients for vehicle maintenance work around commercial vehicles and target them rather than attempt a mass market approach across more diverse vehicle types. Schools are often unaware that mini buses require an MOT every year and don't benefit from the 3 year grace for new private cars.

#### **Stores:**

Dependent on the range of vehicles maintained, there is often a requirement to hold many expensive spares, requiring the Council to invest thousands of pounds in stock, tying up money in parts that may spend months or longer on the shelf.

Some councils have reached agreement with Motor Factors to hold and/or source parts for delivery on demand. Whilst the unit cost may sometimes be slightly higher, the saving in both space and released capital makes it an option worth exploring

#### **Premises:**

Subleasing your premises can fill excess office accommodation whilst generating an income. Contractors for the authority may welcome a local base close to operations, co-location of public sector bodies may benefit both. In Knowsley Borough Council, the offices are shared with the DVSA who also contribute to the use of the weighbridge and use the depot hard standing during the day when the Council vehicles are deployed elsewhere.

#### **Land:**

Most workshops are based in a secure compound with security included. If the land is not being used by the Authority, other companies and public bodies are often willing to pay for short-term and longer-term outdoor secure storage facilities for both plant and equipment. Typically expect to charge

a minimum of £500 per year to house a storage container. Further opportunities exist to include for the paid usage of a stacker truck and handling equipment.

Dependent on the location, there may even be the opportunity to contract charge for daily parking

**Equipment:**

Many Councils have a public weighbridge and further equipment that has commercial potential. Weighbridges are required by regulatory authorities and vehicle washes are rarely fully utilised and can therefore be offered to external clients.

**MOT Testing:**

Highlighted to the public by moneysavingexpert.com (www.moneysavingexpert.com/travel/cheap-mot) , use of local authority test stations is regarded as one of the few places where motorists can get an MOT without it being used as an opportunity by some unscrupulous garages to sell a number of additional unnecessary 'repairs'. There is competition in the MOT market and the current maximum cost is £54.85 for cars or motor caravans and £29.65 for motorbikes

**Management Services:**

Many councils have invested significant sums in software to keep detailed records of the servicing requirements for each vehicle and piece of plant. The software is used to log the vehicle history and schedule the necessary maintenance intervals.

This is a valuable service in its own right and managing the maintenance of someone else's fleet can remove a major headache, for which they are prepared to pay. Many of the management reports available from these systems provide deeper information to optimise replacement intervals and allow financial forecasting, all of which has value.

**APSE Comment**

APSE has long championed the opportunity for local authority in-house services to generate income from other sources. Many early seminars focussed on clarifying the law around charging and trading with a further green light provided by the Localism Act 2011. We have published several publications including 'Municipal entrepreneurship' and further details may be found on the APSE website at <http://apse.org.uk/apse/index.cfm/members-area/special-interest-portals/trading-and-charging/>

Vehicles will become increasingly more sophisticated and require further specialist equipment. Councils will be faced with the dilemma of investing in new equipment and re-skilling their workforce or ceasing to perform the more advanced and potentially more lucrative service areas. It is better to seek to ensure the vehicle maintenance section is able to maximise its outside income, thus reducing the cost to the council, by investing in and supporting a second commercial income stream now.

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