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# The Corporatisation of Transport

- A pathway to service resilience.
- Financial Pros & Cons.
- Operational Pros & Cons.

**APSE National transport operations and vehicle maintenance  
advisory group meeting  
October 23rd, Manchester**

# Corporatisation

- Will deliver better value by reducing maintenance costs, increasing service delivery time by reducing vehicle downtime, assist services in maximising utilisation of the fleet and either expanding service options or reducing the number of vehicle required.
- Can also improve carbon management through reducing CO2 emissions and acquiring a sustainable fleet; achieve economies of scale through combined purchasing power.

# Corporatisation

## Concept:

- Reducing the fleet and the cost of fleet, through more effective procurement arrangements.
- More effective maintenance, repairs and utilisation of vehicles, plant and drivers.
- Continuing with present charging arrangements for external organisations.

# Corporatisation

**Principles:** The key principles are:

- Vehicle procurement will be based upon the Transport Asset Management Plan and vehicles will be replaced at the optimum time economically and based upon affordability, as determined by Transport/Fleet.
- Budgetary control will be improved across the Council with budgets being managed by Transport/Fleet. (**Note:** This does not absolve services of responsibility for proper and efficient use of their fleet.
- Performance management information will be presented corporately and to services to enable any issues arising to be addressed.
- Future transport related service savings will be reviewed when significant changes take place in the size of the fleet and will be calculated based on savings in direct costs only.

# Corporatisation

## Practices:

- Relates to how the extended service will operate and those practices will evolve to deliver best value from transport services.
- A Transport Asset Management Plan and framework required to confirm policies, procedures and practices.
- The extent of Corporatisation will go beyond the corporate fleet ownership model alone as follows:
  - All fleet vehicles and plant to be managed by Transport/Fleet, who will have responsibility for determining timing of replacement.
  - All associated costs will be managed by Transport/Fleet.

# Corporatisation

**The corporatisation of Transport ensures that every single vehicle is managed professionally.**

The benefits of corporatisation include:

- Letting those who know best (Transport/Fleet) look after the services and take full responsibility for the vehicles/plant.
- They are best placed to manage the costs and charges for vehicles/plant.
- They can best determine when to replace vehicles/plant to save money from constant expensive repairs.

# Corporatisation

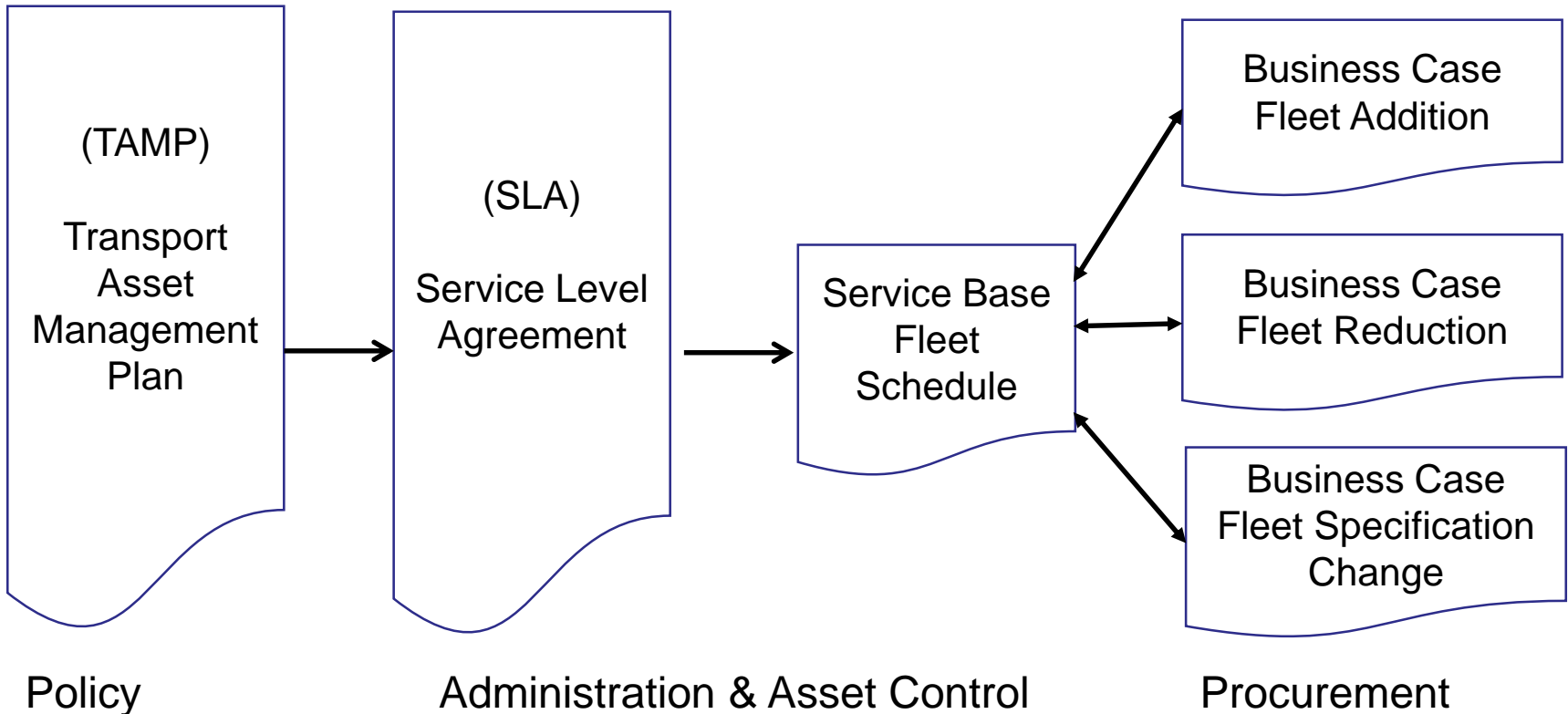
## Areas Covered

- Structure
  - Transport/Fleets and the User Services
  
- Delivery
  - Transport Asset Management Plan (TAMP)
  - Service Level Agreement (SLA)
  
- Data
  - Financial
  - Performance



# Corporatisation

## Structure/Documentation



# Transport Asset Management Plan

## Purpose

The purpose of this Corporate Transport Asset Management Plan (TAMP) is to provide a fit for purpose, cost effective fleet to ensure that the investment made by the Council to achieve a modern fleet; is utilised and applied in the most effective way to:

- Increase customer and stakeholder satisfaction.
- Improve the use of resources.
- Identify and meet transport needs within the councils for operational and support functions.
- Ensure the effective use of capital.
- Maintain an efficient and effective fleet.
- Comply with statutory regulations.
- Maintain safe standards of operating.
- Ensure environmental considerations are taken into account.



# Transport Asset Management Plan

## Purpose

This helps to:

- Improve services.
- Adopt new ways of working.
- Make the organisation more responsive.
- Deliver efficiency savings.

The plan ensures that the fleet assets procured meet the latest legislative and environmental standards.

# Service Level Agreement

## Roles

The role of the Transport/Fleet in relation to the service level agreement is to: -

- ***“Develop a flexible portfolio of assets that provides safe, reliable and cost effective vehicles & plant that conform to legislative requirements and industry standards, and meet the Council’s obligations to its Citizens, Operators Licence, changing service needs and evolving methods of service delivery.”***

# Service Level Agreement

The role of a Service User in relation to this agreement is to: -

- ***“Ensure that at all times the transport assets meet the requirements of best practice in satisfying the needs of Council services. In meeting this objective; regularly review and rationalise the use of assets to ensure that they are compliant, used safely, effectively and deliver value for money.”***

# Service Level Agreement

## Duties & Responsibilities – Transport/Fleet

- To provide vehicles/plant that meet the requirements of best practice in satisfying the needs of the Council's services and its Operators Licence.
- To manage the portfolio of assets to ensure that each vehicle/plant complies with all relevant legislation, is efficient, effective, economic, in good repair, and sustainable.

# Service Level Agreement

## Duties & Responsibilities - Service Users

- To ensure that the requirement for transport resources in each service area is properly reflected in the "Asset Management Plan"
- To review and rationalise the use of transport resources to ensure that they are used effectively and deliver value for money.
- Ensure road fund licensing and insurance are in accordance with current legislation.

# Asset Strategy

## Designed to meet the following steps

### Step 1: Asset management processes within the council

- Think corporately about asset management
- Prioritise asset management at a senior level
- Ensure that asset management is adequately resourced
- Involve elected members and designate a member of the Cabinet to hold the “Asset Portfolio”
- Ensure that there is a management system in place
- Ensure that formal mechanisms are in place to engage with users to collect, analyse and store the relevant data.



# Asset Strategy

## Step 2: Aligning assets with visions

- Ensure that the asset management plan is a medium to long term plan
- Link asset management with all other strategies
- Link the asset management plan to the corporate vision and statutory requirements
- Clearly define the specification for each asset
- Work across boundaries to align asset management strategies

# Asset Strategy

## **Step 3: Implementation of the Asset Management Plan**

- Establish clear strategic approaches to the utilisation of assets, with stakeholders
- Consider options for under-used assets
- Consider options for financing of new assets
- Maintain and adapt existing assets as needed

## **Step 4: Review and monitor process**

- Periodically review corporate management arrangements for capital asset planning to ensure they are fit for purpose
- Engagement with other organisations

# Corporatisation v Commercialisation

## Corporatisation

The name given to the methodology and process used to deal with the Councils fleet assets (Vehicles, Plant and Equipment) in relation to the financial accounting protocols of such.

This can only apply to fleet that is utilised on Council Business and where the Council holds both the budgets to procure and deliver the service.

## Commercialisation

The name given to the methodology and process used to deal with externally sourced work, Non Council Vehicles, Plant and Equipment, This applies to any service that can be offered to generate surpluses (profit)

# Corporatisation v Commercialisation

## Corporatisation

Requires that actuals are charged, with no on-cost

## Commercialisation

Requires that we meet the customers specification of charges

- Fixed Charges
- Pay as you Go
- Combination of fixed and PAYG

# Corporatisation v Commercialisation

## Performance

### Corporatisation

Requires that we measure asset, User and Provider performance

To achieve this every item that can be billed needs a owning and using department

- **Using Dept** to monitor performance
- **Owning Dept** to monitor costs

### Commercialisation

Requires that we measure cost v charge



# Performance Management

Corporatisation is best managed by the performance management process rather than purely financial performance

# Directors Clinic Data

Section	Contents
1	DEFINITIONS
2	INTRODUCTION
3	OBJECTIVES
4	PERFORMANCE FRAMEWORK
5	PROVISION PERFORMANCE a) Work Order Performance (Downtime) b) DOE Test Performance (Compliance) c) Asset Category Age Profile (Provision) d) Carbon Emission Performance (Environmental)
6	USER PERFORMANCE a) Inspection / Service Provision – Vehicles (Compliance) b) Inspection / Service Provision – O Licence Vehicles (Compliance) c) Inspection / Service Provision – Plant (Compliance) d) Service Collection Performance (Downtime) e) Deminimis Fleet Age Profile (Provision)
7	FINANCIAL PERFORMANCE a) Percentage Fleet Spend by Type b) Cost per weighted unit c) Hired-in Vehicles/Plant Equivalents d) Stolen/Lost Assets
8	EXISTING CORPORATE PERFORMANCE CLINIC SUBMISSIONS a) CGT1 - % of taxis with a first time pass rate b) CGT2 - Transport - % of fleet checked that have recorded overloads c) CGT4 - Transport - Intent of prosecution for offences d) CGT6 - % of people who spend less than 1 hour on-board per trip e) CGT7 - % of people who spend less than 1.5 hours on-board per trip
App 1	Category list for reference

## 5c) Asset Category Age Profile (Provision)

This is a snapshot of the fleet at the performance period end date and illustrates the age profile by category.

- c1: Is the full fleet assets (both corporatised and none corporatised)
- c2: Is the base fleet (corporatised)

Directorate - Corporatisation Performance Report - Transport Performance									
501 - Asset Category Age Profile (Provision) - Full Fleet								Date 26-Apr-2016 11:24	
<b>ADULTS HEALTH AND COMMUNITIES</b>									
	<b>Over Age</b>				<b>In Scope</b>				
	Expected life	Assets	%	Avg Age	Expected life	Assets	%	Avg Age	
Total	6.28	34	82.85%	8.38	6.00	7	17.07%	2.10	
<b>CORPORATE SERVICES DIR</b>									
	<b>Over Age</b>				<b>In Scope</b>				
	Expected life	Assets	%	Avg Age	Expected life	Assets	%	Avg Age	
Total	6.18	108	82.17%	10.08	6.87	8	7.83%	3.45	
<b>CHILDREN &amp; YOUNG PEOPLE</b>									
	<b>Over Age</b>				<b>In Scope</b>				
	Expected life	Assets	%	Avg Age	Expected life	Assets	%	Avg Age	
Total	6.30	20	64.06%	7.76	3.68	17	46.86%	1.68	
<b>REGENERATION &amp; ECONOMIC GROWTH</b>									
	<b>Over Age</b>				<b>In Scope</b>				
	Expected life	Assets	%	Avg Age	Expected life	Assets	%	Avg Age	
Total	6.00	410	46.06%	8.26	4.86	600	64.86%	2.42	

# Head of Service

## Directorate - Corporatisation Performance Report - Deminimis Assets

5c1 & 5c2 SD - Asset Category Age Profile (Provision) - Full Fleet

Data 18-Jul-2016 11:24

ENVIRONMENT & STREET SCENE					£17,317,513.77							
Service	Category	Category Description	Replace Age	Overage				In Scope				
				Assets	Value	%	Avg Age	Assets	Value	%	Avg Age	
<b>Total</b>					<b>284</b>	<b>7,273,590.16</b>	<b>37.32%</b>	<b>7.61</b>	<b>477</b>	<b>10,043,923.61</b>	<b>62.68%</b>	<b>2.41</b>
<b>A103</b>	<b>Total</b>				<b>26</b>	<b>217,826.14</b>	<b>46.43%</b>	<b>6.34</b>	<b>30</b>	<b>487,373.49</b>	<b>53.57%</b>	<b>1.81</b>
	STREET SCENE - ARBOR & FORESTRY	P001	GROUNDS MAINTENANCE	2	0.00				1	300.00	100.00 %	0.66
		P031	4WD TRACTORS	7	1	57,256.00	50.00 %	8.17	1	193,950.00	50.00 %	1.87
		P042	TRACKED EXCAVATOR	7	1	18,990.00	100.00 %	8.26	0.00			
		P071	COMPRESSOR PORTABLE (SP)	5	1	190.00	100.00 %	11.30	0.00			
		P101	OPEN TRAILER	7	1	1,957.00	100.00 %	8.26	0.00			
		P103	TIPPER TRAILER	7	2	11,471.42	100.00 %	8.63	0.00			
		P106	WATER BOWSER TRAILER	7	0.00				1	4,070.00	100.00 %	5.39
		P107	EQUIPMENT TRAILER	7	1	21,510.00	100.00 %	11.13	0.00			
		P144	POST HOLE BORER ATTACHMENT	5	1	3,474.28	100.00 %	8.09	0.00			
		P145	POWER ARM FLAIL / MOWER	5	1	14,500.00	100.00 %	10.16	0.00			
		P147	SCARIFIER / LUTE / HARROW ATTACH	5	0.00				1	1,000.00	100.00 %	4.29
		P182	RIDE-ON MOWERS	5	1	3,127.00	100.00 %	10.31	0.00			
		P190	HEDGE TRIMMERS (SP)	2	0.00				1	338.00	100.00 %	1.38
		P191	STRIMMER (SP)	2	1	502.74	33.33 %	2.29	2	1,026.00	66.67 %	0.51
		P192	CHAINSAW (SP)	2	10	5,551.07	43.48 %	3.28	13	6,423.15	56.52 %	0.73
		P193	FLAIL (SP)	2	1	3,800.00	100.00 %	6.96	0.00			
		P194	MISCELLANEOUS	2	1	18,074.00	50.00 %	10.40	1	16,973.00	50.00 %	8.09
	P197	WHEELED WOODCHIPPER	5	2	57,110.96	40.00 %	8.58	3	81,895.00	60.00 %	2.37	

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5c)

c1: Is the full fleet assets (both corporatised and none corporatised)  
 c2: Is the base fleet (corporatised)



# Service Manager/Team Report

## Directorate - Corporatisation Performance Report

## Directorate - Corporatisation Performance Report - Deminimis Assets

### 5c & 6e - Asset Age Profile (Provision)

5c1 & 5c2 SD - Asset Category Age Profile (Provision) - Full Fleet

Date 18-Jul-2016 11:24

Fleet No Registration No Replacement Due Date Description

### STREET SCENE

#### A103 STREET SCENE - ARBOR & FORESTRY

W2813		19-Nov-2017	LUG-ALL 4000-20-UK
W2817	YJ08LWA	19-May-2015	VALTRA TRACTOR T1
W2820	NX84BFU	01-Sep-2021	VALTRA TRACTOR T1
W2826	YG55YRH	28-Mar-2011	JOHN DEERE MOWER
W2827		15-Apr-2015	INDEPENSION CHAL
W2828		03-Apr-2015	MARSHALL TRAILER
W2830		16-Jun-2018	WOOD MIZER SAW M
W2842		31-May-2012	MOWI TRAILER SCOG
W2874		22-May-2011	BOMFORD FALCON S
W2882		25-Feb-2008	SEPPIMIDIFORST 22
W2889		15-Apr-2015	JCB EXCAVATOR 802
W2891		15-Jun-2013	BROWNS POSTHAM M
W2893		10-Jul-2013	MOWI SCHIESLING P
W2894		05-Aug-2011	OSMA FLAIL T660XL
W5002		07-Mar-2018	HUSQVARNA CHAINE
W5089		03-Jun-2012	BANDIT STUMPGRIND
W5112		14-Jan-2018	STIHL CHAINSAW M5
W5113		02-Feb-2018	HUSQVARNA CHAINE
W5114		02-Feb-2018	HUSQVARNA CHAINE
W5116		22-Feb-2018	HUSQVARNA CHAINSAW 550XPG 1: P19
W5117		22-Feb-2018	HUSQVARNA CHAINSAW 550XPG 1: P19
W5118		22-Feb-2018	HUSQVARNA CHAINSAW 550XPG 1: P19
W5119		08-Mar-2018	HUSQVARNA CHAINSAW T540 XP 1: P19
W5272		29-Mar-2018	HUSQVARNA PWR PRUNER 525PTS P19
W5285		26-Feb-2018	FUEL PROOF BOWSER TRAILER P10
W5421		04-Apr-2017	HOMEMADE LUTE LEVELER P14
W5665		14-Jan-2018	HUSQVARNA STRIMMER 545RXT P19
W5666		14-Jan-2018	HUSQVARNA STRIMMER 545RXT P19
W5693		03-Apr-2016	STIHL STRIMMER FS460 C-EM P19
W5944		03-Mar-2017	STIHL HEDGE CUTTER HS96R P19

ENVIRONMENT & STREET SCENE					£17,317,513.77							
Service	Category	Category Description	Replace Age	Overage				In Scope				
				Assets	Value	%	Avg Age	Assets	Value	%	Avg Age	
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