



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES
COMMITTEE ON 8 MARCH 2016**

SUBJECT: POOL CAR UTILISATION

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING & INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 The purpose of this report is to provide an update on Pool Car utilisation.
- 1.2 This report is submitted to Committee in terms of Section III (E) (29) to exercise supervision of the internal transport section dealing with the management, repair and maintenance of all Council vehicles, plant and equipment.

2. RECOMMENDATION

2.1 It is recommended that the Committee consider and note:

- (i) the success of the pool car scheme generally and the latest pool car utilisation data;**
- (ii) that the use of pool cars has become an embedded consideration for staff making travel arrangements and that further reporting of performance will be via performance indicator reports (average mileage achieved) or by exception to the Economic Development and Infrastructure Services Committee;**
- (iii) that increases in pool car fleet has added cost but has not improved the efficiency of travel with the average cost per mile travelled (pool cars and claimed mileage) rising to 41.1 pence per mile, but nevertheless savings of £110k are anticipated for 2015/16;**
- (iv) that Fleet staff will continue to move pool cars from poor performing areas to areas of higher demand as opportunity presents and managers will be challenged to improve use of the system by:**

- ✓ encouraging staff not to book vehicles (including block booking) then not use them;
 - ✓ reinforcing guidance on mileage rates;
 - ✓ by encouraging staff to walk or cycle to meetings close to their home base rather than using a pool car; and
- (v) that this report will also be submitted to the Audit and Scrutiny Committee following a decision by that Committee at their meeting on the 3 December 2014 (para 6 of the minute refers) that ‘any future reports that are submitted to the Economic Development and Infrastructure Services Committee in relation to Pool Cars also be submitted to the Audit and Scrutiny Committee for scrutiny’.

3. **BACKGROUND**

- 3.1 A report on pool car utilisation was last submitted to the Audit and Performance Committee on the 3 December 2014 (para 6 of the minute refers).
- 3.2 A detailed report on Pool Car utilisation has been produced and the executive summary of that report is given here as **APPENDIX 1**. A copy of the detailed report has been provided on the Member’s Portal. **APPENDIX 2** is the update on the action plan arising from the 2014 report.
- 3.3 An additional 8 cars have been added to the fleet mainly as dedicated vehicles attached to high mileage teams, thereby freeing up other cars for general use. While these have added cost they have not resulted in a reduction in the average cost per mile.
- 3.4 Additional costs have also been added due to the late replacement of vehicles. The lowest whole life cost for pool cars is presently achieved at three years but replacement is being phased to spread out the resource requirements. As replacement rolls out it should see costs removed from the system.

4. **PERFORMANCE AND IMPROVEMENTS**

- 4.1 Whilst pool cars are exceeding their target average mileage and savings, it is clear that there is scope to make better use of pool cars. For example: staff are booking vehicles for longer than necessary thus reducing their availability and a number of the journeys made are for short distances, there are still pool vehicles that are under-utilized, and, there are still staff groups which incur high claimed mileage.
- 4.2 Bookings should not be made for longer than necessary nor should staff make block bookings. However, it may be that staff making those bookings do not have access to alternative means of travel should they find that a pool car is not available.

- 4.3 Staff are required to check pool car availability before using their own vehicle and claiming mileage.
- 4.4 Any solution to improve performance will have a cost implication (staff resources to review bookings, optimisation software) with no guarantee that savings would exceed cost.
- 4.5 Fleet staff will continue to move pool cars from poor performing areas to areas of higher demand as opportunity presents and managers will be challenged to improve use of the system by:
- ✓ encouraging staff not to book vehicles (including block booking) then not use them,
 - ✓ reinforcing guidance on mileage rates
 - ✓ by encouraging staff to walk or cycle to meetings close to their home base rather than use a pool car.

5. **SUMMARY OF IMPLICATIONS**

(a) Moray 2023: A Plan for the Future/Service Plan

Linked to National Outcome 15 that our public services are high quality, continually improving, efficient and responsive to local people's needs and support Service Plan activities.

(b) Policy and Legal

There continues to be a need to revisit the policy in light of operational experience to ensure it clearly reflects the expectations the Council has of all staff making use of the pool car fleet, and to make sure the updated guidance is easily accessible and understood by these staff.

(c) Financial implications

The financial risk is low given that savings made continue to exceed the business case requirements. Any further expenditure incurred must be planned on a 'spend to save' basis.

(d) Risk Implications

Risks associated with the operation of the pool car fleet will be further mitigated by the imminent implementation of a system of driver licence checks following DVLA withdrawal of paper licenses.

(e) Staffing Implications

None.

(f) Property

None.

(g) Equalities

An Equality Impact Assessment is not needed because the report is for the Committee to note and consider.

(h) Consultations

L Paisey, Principal Accountant and Leslie Thomson, Fleet Services Manager have been consulted and comments taken into consideration.

6. CONCLUSION

- 6.1 The pool car scheme is exceeding the output targets in the original business case. There is still opportunity to fine tune arrangements to increase utilisation however that has to be balanced against cost where additional resources might be required.**

Author of Report: Bill Ross, Roads Maintenance Manager

Background Papers: Held by Chief Executive's section (Research and Information)

Ref:

Pool Car Report

Period of 1½ years from April 2014 to September 2015

Executive Summary

- i. The Pool Car System is aging and vehicles are being replaced¹. To the end of September 2015 a total of 33 new vehicles had been added to the fleet. Twenty five of the new vehicles were replacements and eight have been added to increase the size of the fleet. The latest total for the composition of the fleet (September 2015) is 110 vehicles comprising 60 Corsa cars, 41 vans, one Astra car, five Smart cars, one electric car, and two hybrid petrol/electric cars.
- ii. The target average mileage of 12,000 miles per annum was achieved in 2014/15 and is projected to be achieved in 2015/16. The table below shows that the total mileage is similar for 2013/14 and 2015/16 but there were ten more vehicles in the fleet for the first half of 2015/16 and therefore the average mileage is projected to be lower.

Table 1: Pool Car Performance for 2014/15 and projected performance for 2015/16 compared to 2013/14

	2013/14	2014/15	2015/16 (projected)
Average Mileage	13,487	12,536	12,177
Total Mileage	1,367,552	1,298,886	1,358,276
Savings	£207,163	£123,907	£110,000

Because the number of miles (1.7M per annum) being claimed as expenses by staff for using their own vehicles is greater than the Pool Car total mileage, it is not thought that the total mileage for Pool Cars has reached a maximum as the potential to increase the mileage is huge.

- iii. As shown in the table above, savings have reduced in 2014/15 and for 2015/16 due to reduced performance on average mileage achieved and the increase in revenue and depreciation costs.
- iv. The major reason for the increase in costs in 2014/15 was that older vehicles need more maintenance. The target replacement age is 3 years however replacement is being phased to avoid overwhelming budgets and staff resources. The average age of vehicles in 2014/15 was 3.7 years. With replacements the average age will be under 3.5 years in 2015/16 and is set to

¹ To minimize whole life cost, Pool Vehicles are ideally replaced when they are 3 years old or have been driven 100,000 miles, whichever comes first.

fall further in 2016/17. The other large part of revenue costs is fuel which fell a little in 2014/15 and is not expected to increase in 2015/16. Hence further increases in revenue costs are not expected.

- v. The demand for vehicles was investigated by analysing the amount of time vehicles were booked. The 11 vehicles based at the HQ Annexe were assumed to be representative of the fleet as a whole as they have had around average mileages. The total time the vehicles were booked each quarter from 2012/13, when they began service, to 2015/16 was measured and found to be variable with an underlying increasing trend.
- vi. The booking of vehicles was compared to the movement of vehicles by comparing the calendar of bookings to vehicle tracking data. The sample taken was the bookings of the HQ Annexe vehicles and their tracking data for a single day in quarter 2 2015/16. For that working day (09:00 to 17:00) vehicles were only away from the HQ Annex for half of the time they were booked out. This suggests that some bookings are longer than necessary.
- vii. Tracking data was also used to find out the percentage of the working day between 09:00 and 17:00 that the HQ Annexe vehicles spent at the home base and within 1km of the home base for the month of September 2015. It was found that the vehicles spent 54% of the day at home base and 64% within 1km of home base. This suggests that many bookings are for short journeys which are an inefficient use of the system.
- viii. The cost of all business travel, except for foreign travel, is summarised in the table below:

Table 2: Business Travel Costs

Item	2012/13	2013/14	2014/15	2015/16 (estimate)
Mileage Claims	£785,586	£743,594	£755,153	£721,014
Pool Cars	£372,834	£404,394	£460,592	£500,926
Hire Cars	£99,374	£104,148	£94,751	£102,724
Public Transport	£9,178	£7,480	£8,946	£7,593

Claimed mileage² along with hire car and public transport use has remained at the approximately the same level over the last three years.

Education and Social Care staff make 87% of all non-teaching staff claims. The Homecare section is responsible for 56% of all non-teaching staff claims.

² The costs for claimed mileage include claims from teachers who rarely use Pool Cars.

Homecare has more than doubled its mileage claims since 2010/11.

- ix. Claimed and Pool Car Costs combined are respectively 54% and 38% of total business travel costs. They are considered together in the table below:

Table 3: Combined Costs and Mileage for Claimed Mileage and Pool Cars

Item	2012/13	2013/14	2014/15	2015/16 (estimate)
Cost of travel	£1,158,420	£1,147,988	£1,215,745	£1,221,940
Miles travelled	2,982,797	3,011,447	2,977,003	2,971,196
Cost per mile	£0.388	£0.381	£0.408	£0.411

The cost per mile for the combined Claimed and Pool Car Mileage is increasing.

- x. Forecasts of possible savings by adding to the Pool Car fleet were investigated. The forecast for savings took into account the two trends in the last three years which are the reduction of the average mileage and the increase in costs. The result of these trends has meant that margins have been squeezed. However the Pool Car Scheme continues to make savings.

The forecast model states that more vehicles mean more mileage but because there is a limit to business travel miles at some point there will be diminished returns when more vehicles are added. When diminished returns begin there will always be more miles with more vehicles but the average mileage will reduce along with the rate of increase of avoided spend.

The forecast model predicts that there is a chance of a small loss if more than 90 vehicles are added. And for adding fewer, the prediction is for savings up to £170k.

- xi. Conclusion: The vehicle mileages are meeting targets and savings are being made but there are many opportunities for improvement.

Actions Arising from 2014 Report on Pool Car Utilisation

ID	Action	Due Date	Progress
PC09	Consider an increase in the pool car fleet through the Capital planning gateway process reporting to the Asset Management Working Group.	31/12/2014	Pool car fleet increased by 8 additional vehicles.
PC10	Continue working with ICT to make better use of vehicle tracking information, and with our radio system supplier with regard to the reliability of the vehicle tracking system.	31/3/2015	Reliability of radio tracking system improved.
PC11	Develop the existing pool car scheme policy to ensure clear and concise guidance for users. Any level of ambiguity should be addressed and removed.	31/1/2015	Not yet addressed due to other priorities.
PC12	Initiate an audited refresher induction process to the pool car system.	31/1/2015	Due to changes to DVLA licence process this has been delayed. Fleet Services currently project managing implementation of a new system which will dictate the induction process improvements
PC13	Fleet Services to work with other service managers to reduce significant casual user mileage costs where possible and particularly within the Homecare service given their particular travel demands.	Throughout 2015/16	Various projects adopted to reduce casual user mileages including in the Homecare service.
PC14	Work with finance and user services to have dedicated vehicles charged direct to the service area to which they have been allocated.	1/4/2015	Implemented
PC15	Work with user services to improve the accuracy of booking system information.	Ongoing	Ongoing monitoring and referring problems to service managers.
PC16	Consider an alternative to, or improvements to the current booking system to improve analysis and reporting of pool car utilisation.	31/3/2015	Improvements to existing booking system not possible. Discount move to alternative system due to cost.