

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY

Date of Meeting	Tuesday, 14 th November 2023
Report Subject	Operator Licence (Audit Report)
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Streetscene and Regional Transport Strategy
Report Author	Chief Officer (Streetscene & Transportation)
Type of Report	Operational

EXECUTIVE SUMMARY

In accordance with the recommendations of the Governance and Audit Committee, this report to the Environment & Economy Overview & Scrutiny Committee provides an update on the progress of the action plan that followed an internal audit of the Council's Operator's (O') Licence, which was conducted in April 2021. The audit found that the controls in operation at the time provided some assurance that key risks were being managed and controlled effectively, but that significant improvement was required in areas relating to the control environment for tachograph compliance, fleet servicing and maintenance, and single person dependency impacting service resilience.

A follow-up audit was conducted in May 2023, which highlighted that reasonable progress in implementing the agreed actions was being made and key controls were in place, but some refinement of addition of controls was required, which would enhance the control environment. The follow-up audit report issued in May 2023 gave a reasonable (amber/green) assurance level and identified that key objectives could be better achieved with some relatively minor adjustments and key controls are generally operating effectively.

Fleet Services provide the compliance monitoring function for all the Council's vehicle operations that come under the Operator Licensing, and all other vehicle operations which may affect that Operator Licence (O' Licence). Under the legislation, the Council gives an undertaking of compliance to the Welsh Traffic Commissioner that the Council will control all operations effectively in respect of operating centres, driver training and licencing, recording of driver's hours, speeding, overloading and vehicle maintenance and inspection.

This report provides an update on progress of the action plan and provides information about changes within the service area in recent months.

RECOMMENDATIONS

1.	Scrutiny notes and supports the ongoing working arrangements within Fleet Services and supports the actions undertaken to control the operational risk to the Council and ensure compliance with the undertakings required for the Operator's Licence.
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REPORT DETAILS

1.00	BACKGROUND TO THE REPORT
1.01	Fleet Services provide the compliance monitoring function for all the Council's vehicle operations that come under the Operator Licensing, and all other vehicle operations which may affect that Operator Licence (O' Licence). Under the legislation, the Council gives an undertaking of compliance to the Welsh Traffic Commissioner that the Council will control all operations effectively in respect of operating centres, driver training and licencing, recording of driver's hours, speeding, overloading and vehicle maintenance and inspection.
1.02	An audit of the heavy goods vehicle (HGV) O' Licence compliance was undertaken in April 2021 as part of the approved Internal Audit Annual Plan for 2020/2021. The review focused on providing assurance around compliance with the servicing and maintenance conditions as well as tachograph conditions stipulated within the O' Licence.
1.03	<p>A report was presented to the Environment & Economy Overview and Scrutiny Committee in October 2021 to explain the ongoing working arrangements within the portfolio's Fleet Services and supports the actions undertaken to control operational risk and deliver on the undertakings of the Council's operator's licence.</p> <p>Vehicle operator licensing is designed to ensure the safe and proper use of goods vehicles and to protect the environment around operating centres. It is an offence to operate a goods vehicle without a valid operator licence (if one is required). The Council operates under an HGV Standard National O' Licence, which allows for the operation of up to 81 vehicles. There are approximately 47 HGV vehicles currently registered under this licence.</p> <p>Go Plant Fleet Services (GPFS), the Council's external partner, is responsible for the supply, management, and maintenance of all fleet vehicles; however, the Council has overall responsibility for ensuring compliance with the terms and conditions of the O' Licence.</p>
1.04	At the time of the original internal audit in April 2021, it is recorded that the timing of the audit unfortunately coincided with a period of long-term sickness absence of the Fleet Contract and Transport Manager. As a result, the audit process was frustrated by the lack of availability of relevant members of staff to provide access to data to allow the audit review to take place. It must also be remembered that, at that time, Covid-safe operational restrictions were in place within the offices at the Alltami Depot, and the lack of availability of staff members made access to documents challenging.

	<p>Additionally, the absence of the Fleet Contract and Transport Manager had led to an interruption in timely reporting of vehicle servicing compliance and the distribution of tachograph infringement reporting. However, there was no evidence that this led to non-compliance of vehicle servicing.</p>
1.05	<p>The audit considered the adequacy and effectiveness of the controls in place to manage risk to the achievement of service and organisational objectives, specifically focusing on the extent to which the Transport Manager exercises 'continuous and effective control' over transport operations and processes for ensuring continued compliance with the conditions of the O' Licence, including oversight of compliance within Go Plant relating to fleet servicing and maintenance.</p> <p>The overall findings within the audit report were that the controls in operation at the time provided some assurance that key risks were being managed and controlled effectively, but that significant improvement was required in areas relating to the control environment relating to tachograph compliance, fleet servicing and maintenance, and single person dependency impacting service resilience.</p>
1.06	<p>GPFS, our fleet contractor, had to replace their contract manager in July 2021 due to a resignation, who had been embedded on-site at the Alltami depot fleet workshops until that time. Appointment to this post was prompt, however, turnover in key support roles only serves to challenge the consistency and continuity of the service.</p>
1.07	<p>This then coincided with the resignation of the Council's Fleet Contract & Transport Manager in July 2021, who subsequently left the Authority in early September 2021 following completion of the notice period. The initial recruitment exercise that took place in August 2021 was unsuccessful in finding a suitable replacement to the role.</p>
1.08	<p>Throughout the pandemic, and continuing to this day, GPFS fleet management presence has been in place at the Alltami depot to support the operations and new processes have had to be introduced and refined during the course of the audit review; however, unfortunately reduced staff resources and then the need to introduce a new fleet manager into the service inevitably interrupted efforts to develop the service and revise procedures in the interim period.</p>
1.09	<p>Following three separate attempts to recruit a replacement to the role of Fleet and Contract Manager, an appointment to the post was made in March 2022, following an initial engagement through MatrixHR in December 2021; however, sadly the Fleet & Contract Manager position was again found to be vacant following the unexpected and sudden death of the post holder in October 2022.</p>
1.10	<p>Interim arrangements were put in place with the existing Fleet Technical Officer temporarily acting up into the role during the final round of recruitment. Additionally, the Association of Public Service Excellence (APSE) were approached to see if they could provide temporary support to the Fleet Management team, whilst also assist in addressing contractual matters and providing general support with compliance procedural issues, sharing knowledge and experience with both the Technical Officer and the incoming Fleet Manager. APSE were then engaged with a CPC holder providing interim support from May until October 2023.</p>

1.11	Further recruitment took place in December 2022/January 2023 for a replacement Fleet & Contract Manager and an appointment was made, but during the course of the pre-employment checks, that individual withdrew from the process and declined the appointment.
1.12	Despite all the setbacks with recruitment and unexpected, sad loss of the post holder in October 2022, the absence of a Fleet Contract and Transport Manager has not impacted on the Council's O' licence, since the nominated Transport Manager on the O' licence is, and always has been, the Highway Network Manager.
1.13	Throughout this period, support has also been provided through the portfolio's Compliance and Training Manager in terms of reviewing/drafting new processes for fleet services. Regular meetings take place between this manager and the Highway Network Manager to progress this aspect and ensure that reporting takes places routinely for the agreed actions in the audit report e.g. tachograph compliance, service and maintenance reporting and a documented set of procedures for Operator Licence requirements.
1.15	A follow-up audit was conducted in May 2023, which highlighted that reasonable progress in implementing the agreed actions was being made and key controls were in place, but some refinement of addition of controls was required, which would enhance the control environment. The follow-up audit report issued in May 2023 gave a reasonable (amber/green) assurance level and identified that key objectives could be better achieved with some relatively minor adjustments and key controls are generally operating effectively. The level of assurance reflects the progress made in the implementation of agreed actions since the original audit was carried out in April 2021.
1.16	<p>Although there have been significant issues with staff resilience and capacity within the fleet services team previously, this has been overcome in recent months. In March/April 2023, following the unsuccessful appointment of the preferred candidate earlier in the year, we immediately went back out to the market, and an appointment was made with the newly appointed Fleet Manager taking up the post in June 2023, who is currently working through the 6-month probation period.</p> <p>Whilst conducting this recruitment process, the GPFS Contract Manager submitted his resignation in May 2023 and the contractor is currently addressing this position within the contract.</p>
1.17	The new Fleet Manager will need a period of transition into the role as part of the 6-month probation period and subject to satisfactory completion, beyond this time then is likely to be added to the Operator's Licence as the designated Transport Manager after March 2024.
1.18	Recruitment exercises in recent years have proven that the fleet manager post is a difficult role to fill, and staff turnover has impacted the continuity and consistency required to provide an efficient, effective, and compliant service, with the most recent recruitment being the fifth exercise to recruit to the role since 2016.

1.19	<p>The Chief Officer (Streetscene & Transportation) presented a report to Cabinet in July 2023 on resilience and capacity within Fleet Services, which presented proposals to address the issues within the portfolio in two key areas: fleet services and waste strategy. The recommendations within the report were approved and the service intends to address this issue through the development of two new posts within Fleet Services, which are intended to provide resilience and enable a career pathway and development programme for the team.</p>																																										
1.20	<p>The new positions would provide additional support and oversight to the fleet services function, ensuring that service delivery is maintained in the event of unexpected disruptions. By creating these new posts, we can establish a clear career advancement pathway for employees within the fleet services function whilst also providing resilience for the Fleet Manager. Both new roles will require investment in terms of personal development, either through mentoring and coaching, approved training courses and on-the-job learning.</p>																																										
1.21	<p>Further assurance can also be provided by confirming that our current HGV MOT pass rate is maintained at 99% (well above the national average), and our Operator’s Compliance Risk Score (OCRS) from the DVSA is has been maintained at its highest level – ‘Green’ - beyond the last 90 days.</p> <p>OCRS Score History for the last 90 days (29/09/2023):</p> <table border="1" data-bbox="288 965 1118 1671"> <thead> <tr> <th>Score Date</th> <th>Roadworthiness Band</th> <th>Traffic Band</th> </tr> </thead> <tbody> <tr><td>24/09/2023</td><td>Green</td><td>Green</td></tr> <tr><td>17/09/2023</td><td>Green</td><td>Green</td></tr> <tr><td>10/09/2023</td><td>Green</td><td>Green</td></tr> <tr><td>03/09/2023</td><td>Green</td><td>Green</td></tr> <tr><td>27/08/2023</td><td>Green</td><td>Green</td></tr> <tr><td>20/08/2023</td><td>Green</td><td>Green</td></tr> <tr><td>13/08/2023</td><td>Green</td><td>Green</td></tr> <tr><td>06/08/2023</td><td>Green</td><td>Green</td></tr> <tr><td>30/07/2023</td><td>Green</td><td>Green</td></tr> <tr><td>23/07/2023</td><td>Green</td><td>Green</td></tr> <tr><td>16/07/2023</td><td>Green</td><td>Green</td></tr> <tr><td>09/07/2023</td><td>Green</td><td>Green</td></tr> <tr><td>02/07/2023</td><td>Green</td><td>Green</td></tr> </tbody> </table> <p><i>(NB. Information Provided from DVSA at time of writing this report)</i></p>	Score Date	Roadworthiness Band	Traffic Band	24/09/2023	Green	Green	17/09/2023	Green	Green	10/09/2023	Green	Green	03/09/2023	Green	Green	27/08/2023	Green	Green	20/08/2023	Green	Green	13/08/2023	Green	Green	06/08/2023	Green	Green	30/07/2023	Green	Green	23/07/2023	Green	Green	16/07/2023	Green	Green	09/07/2023	Green	Green	02/07/2023	Green	Green
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1.22	<p>The Fleet Contract Manager is currently going through a period of familiarisation with the fleet services team and the contractor, as well as the wider portfolio and operational services. Following the support provided through APSE’s CPC holder, the new postholder is developing revised processes and agreeing system improvements with the contractor to continue to improve the controls measures across the fleet service area and ensure effective compliance with the undertakings required for the Operator’s Licence.</p>																																										

2.00	RESOURCE IMPLICATIONS
2.01	Revenue: there are no implications for the approved revenue budget for this service for either the current financial year or for future financial years.
2.02	Capital: there are no implications for the approved capital programme for either the current financial year or for future financial years.
2.03	Human Resources: the creation of the two new roles within Fleet Services will require an initial investment in the short-term. However, we anticipate significant benefits in terms of increased efficiency, improved service delivery, and control of significant contract costs in the longer term through the renewal of the fleet contract. For example, the creation of an assistant fleet manager position will provide additional oversight and support to the fleet services function, reducing the likelihood of unexpected disruptions, costly downtime, and ensure appropriate enforcement against non-compliance. The costs for the two additional posts would be subject to job design and evaluation, but it is anticipated that the on-going burden in employee costs would be in the region of £90-105k per annum including on-costs.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The internal audit reports highlighted that changes to the current ways of working were required in order to provide assurance that key risks were being managed and controlled effectively.
3.02	The work undertaken to date to introduce new systems, processes and working arrangements, along with written procedures will ensure that progress continues to be monitored by the Senior Management Team.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Consultation is ongoing with Streetscene & Transportation support teams in relation to support and implementation of new systems and reporting mechanisms.

5.00	APPENDICES
5.01	Appendix 1 - Audit Report – May 2023

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Barry Wilkinson Telephone: 01352 704656 E-mail: barry.wilkinson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Operators (O') Licence - is a legal authorisation required in the United Kingdom for individuals or companies that operate goods vehicles for hire or reward. The weight threshold for requiring an O' Licence depends on the specific type of vehicle. In the UK, goods vehicles with a Maximum Authorised Mass (MAM) over 3.5 tonnes are typically subject to O' Licence requirements.</p> <p>DVSA - Driver and Vehicle Standards Agency (DVSA) is an executive agency of the Department for Transport in the United Kingdom. The DVSA is responsible for maintaining and enforcing standards related to drivers and vehicles, with the aim of enhancing road safety.</p> <p>OCRS - The Operator Compliance Risk Score (OCRS) is a system used by the DVSA in the UK to assess the risk of a commercial vehicle operator not complying with road safety rules. The OCRS is an important tool for the DVSA in helping to ensure that commercial vehicle operators are meeting their obligations and that their vehicles are safe to operate.</p>