**AUDIT COMMITTEE – 26 JULY 2016**

**PART I – DELEGATED**

**7. Outstanding recommendations – diesel usage audit**

(DoCES)

1. **Summary**

# 1.1 This report recommends a process to resolve the outstanding audit recommendation

2. **Details**

2.1 **Outstanding Recommendation**

A senior officer should regularly review the use of diesel. This should include the following:

* Review of the vehicle mileage / type of journey undertaken / fuel dispensed, to ensure vehicles are being used efficiently.
* Review of the time diesel is dispensed to ensure this is during normal operating hours for the depot.

2.2 **Current System**

Fuel for vehicles and machinery is held in a secure compound at the Batchworth depot. Fuel is fed from the tanks to a single pump in the depot. The depot is secure. The fuel is supplied to a range of vehicles and machinery, from waste lorries to tractors. Other Council vehicles such as the arborists land-rover are also supplied, to maximise on reduced fuel costs through bulk purchasing.

Each operator has a key to activate the pump, this can only be used during operational hours when the depot is open for business. The operator is responsible for the key. When a vehicle or machinery arrives for refuelling, the operator inserts the key and refuels. The key only allows one refuel every 24 hours. The operator then also completes a form manually which details mileage or hours of use (some machinery doesn’t record mileage, only how many hours the equipment is used). The pump/key can automatically record vehicle mileage, however this requires the operator to input the data. If a mistake is made the software (see below) that controls the system shuts down and has to be reset

The use of fuel; ie how much, date and timing is automatically recorded on a computer in the Operations Manager office. The PC has specialist software installed called VecTec which has been in place for 8 years. The Operations Manager is able to override the system if necessary (for example if additional fuel is needed), although this rarely occurs. Only one PC currently has the system installed. This can potentially create issues if the manager is away on leave, although the Assistant Manager does have access to the system in the Operations Manager’s absence. The system does rely on effective and consistent ICT provision

To date, whilst the VecTec system has been in place, it has proved to be an effective control for the management of fuel supply

* 1. **Security Improvements Since The Audit**

Since the audit took place the VecTec system now also monitors fuel levels in the holding tanks, whereas previously it was measured manually through a dipstick. The information on fuel levels is held on the PC in the Operations Manager’s office.

The depot itself is fully secure, including night time lighting. In addition the facility does have security cameras focused on the waste vehicles. An additional camera has now been installed just focused on the fuel pump. The recordings are held for fourteen days. The camera can be viewed from the main office and the Operations Manager’s office. All staff have been made aware of this.

2.4 **Further Improvements To Meet Recommendation**

In order to improve the management of the current system officers are investigating the use of a GPS upgrade to the current VecTec system. The advantages will be that more than one PC will be able to monitor the usage of fuel, so fuel consumption can also be monitored by the waste supervisor as part of their daily duties and the Environmental Support Manager

However the above does rely on the consistent provision of ICT, which up until recently has been ‘down’ regularly first thing in the morning (5.30 am) when the depot opens for business. The cost of this will be in the order of £9,000 to replace the pump and fit with a GPS tracking system, plus an annual licence fee of £200. It should be noted that GPS can be overridden manually, should there be issues with ICT or GPS reception. However there is no budget to cover this cost, hence a capital bid would have to be made for consideration by Council during the 2017/18 budget setting process. Bearing in mind the Council’s current financial position, Audit Committee will need to consider whether this represents value for money.

In the short term however, from August, officers can undertake a reasonable level of spot check monitoring on a monthly basis for all vehicles that consume significant amounts of fuel, including all waste, street cleansing and grounds vehicles. This would entail a manual check of mileage against recorded fuel consumption. Any significant variances would then be investigated by depot management

2.5 **Other Issues**

For sometime the future of the current depot has been under review. It is a very cramped space, with an ageing office building and equipment, including the fuel pump and storage tanks. The 2016/17 Capital programme has £493,800 included to enable a move, should another suitable site become available. Therefore at this stage, significant investment in the tanks and pump at the depot was considered not to be warranted. A recent survey of the depot has been undertaken, whilst nothing major, apart from the tarmacadam surface required work, the survey clearly showed the depot facilities towards the end of their effective life.

In addition to the above there have been a number of senior staff shortages recently; whilst this has not created major operational issues, it has meant that officers have had to concentrate on business as usual and the delivery of the Garden Waste Project

 3. **Options/Reasons for Recommendation**

3.1 To propose a resolution to meet the outstanding audit recommendation

4. **Policy/Budget Implications**

4.1 The recommendations in this report are within the Council’s agreed policy and budgets.

5. **Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, and Website Implications**

5.1 None specific.

6. **Financial Implications**

6.1There are no changes to the budget agreed by Members as a result of this report. However the Committee should note the estimated potential cost, as detailed in paragraph 2.4 for replacing the existing fuel pump equipped with GPS, of £9,000. Subject to the Committee’s view this would have to be a capital bid for 2017/18 and considered as part of the 2017/18 budget setting process.

7. **Risk Management Implications**

7.1 There are no risks associated with the decision Members are being asked to take.

8. **Recommendation**

8.1 That Committee notes the further improvements made to fuel monitoring at the depot as detailed in 2.3 of the report.

8.2 From August 2016 officers introduce manual spot checks comparing mileage and fuel consumption on vehicles as detailed in section 2.4 of the report

8.3 Committee considers whether a capital bid to replace the fuel pump as detailed in paragraph 2.4 of the report should be prepared for consideration by Council at the 2017/18 budget setting

 Report prepared by: Chris Hope, Head of Community Services