



REPORT TO: CORPORATE SERVICES PORTFOLIO COMMITTEE

1. ITEM NUMBER: **CRSPC 09/05/23**

2. SUBJECT

CENTRALISATION OF FLEET: UPDATE REPORT

SENTRALISASIE VAN VLOOT: VORDERINGSVERSLAG

UKUMISELWA KODEDERHU LWEZITHUTHI PHANTSI KOGUNYAZIWE OMNYE:
INGXELO EHLAZIYIWEYO

P3384

3. DELEGATED AUTHORITY

In terms of delegation

This report FOR NOTING BY
is

- Committee name** Corporate Services
- The Executive Mayor together with the Mayoral Committee (MAYCO)
- Council

4. DISCUSSION

On 21 January 2021 the Draft Fleet Sector Plan was presented to the Executive Management Team (EMT). Subsequently, EMT directed that the Centralisation of Fleet within the City of Cape Town be implemented. On 26 February 2021 the City Manager issued **Directive 1 of 2021** (refer to **Annexure A**) outlining key aspects and expectations as it relates to the Centralisation of all the Fleet Functions within the City of Cape Town. Directive 1 furthermore stipulated that the project sponsor had to be assigned and for a project steering committee (steercom) be established. Initial project actions and work have since progressed.

An update report on the Centralisation of Fleets was submitted and considered by EMT during February 2022. The established steercom assigned four key work-streams, namely:

1. Rationalisation and Optimisation;
2. People
3. Finance
4. Fleet Risk Operations Control Centre (FROCC)

These assigned work streams actively researched and developed critical aspects outlined by the project objectives and definition. The project lead actively engaged all fleet sections/units in order to clarify issues that needed more context / information and to understand the various needs.

The project was managed via the work streams, with oversight provided by the steercom. Managing the project proved challenging but critically, the model must ensure no disruption in service delivery. Fleet functions were unpacked (i.e. core vs non-core), existing service menus interrogated, while SWOT and resource analysis were conducted. These engagements and critical information unpacking sessions were more complex than originally envisaged. Frequent interactions with all the fleet sections/units and stakeholders were critical in formulating / designing a practical and workable Fleet Operating Model proposal.

From the past engagements and experience, the following critical aspects were identified, that must be achieved to ensure project success:

1. The need or case for change to be delineated and understood by all.
2. The benefits and/or efficiencies to be gained by moving to a Centralised model defined and endorsed.
3. Minimising the potential impact and/or improvement to service delivery as it relates to functions dependent on fleet.

Subsequently, the project was paused to allow the team to re-focus and/or rethink the case for change. Key insights and feedback elements were considered regarding key stakeholder engagement & change management, which includes a redesign of the project approach and implementation.

Critical work and outcomes were derived from this initial endeavour, which will not be lost or aborted, as we proceed with this project and absorb the lessons learnt. Henceforth a new direction and approach has been adopted towards advancing the project.

The C3PM department has assisted the Corporate Services Fleet Management Team in preparing a **Project Execution Plan** in order to deliver on all the deliverables identified by **Directive 1** (i.e. City Manager Directive, February 2021) and also includes the proposed development of an operating model for a fully functional Centralised Fleet, in a phased approach.

The Centralisation of Fleet project has considered the research and information gathered by the Fleet Sector Planning Working Group in order to establish a bespoke fleet operating model suitable for delivering on the City of Cape Town's service delivery promise. A model which will consider and cover all fleet related aspects, including all specialised and non-specialised vehicles, plant, budget, personnel and associated assets. A phased approach is proposed to support an effective and stepwise roll-out of the implementation, once the model design has been established and agreed to.

On 6th and 7th December 2022 the project team (comprised of the project sponsor, C3PM and the Organizational Development & Innovation unit) conducted roadshow presentations and discussions on the Centralisation of Fleet project with the respective fleet Executive Directors and members of senior management. The roadshows were successfully attended and yielded productive, positive and constructive engagement.

A detailed work brief was compiled based on the approach and objectives outlined within the roadshow presentation. Proposals from the consultants were received, reviewed and approved. Consultants have been appointed to the project and the project is underway and on track.

Financial Implications None Opex Capex

 Capex: New Projects

 Capex: Existing projects requiring additional funding

 Capex: Existing projects with no additional funding requirements

Policy and Strategy Yes No

- Legislative Vetting Yes No
- Legal Implications Yes No
- Staff Implications Yes No
- Risk Implications Yes The risks for approving and/or not approving the recommendations are listed below:
- No Report is for decision and has no risk implications.
- No Report is for noting only and has no risk implications.
- POPIA Compliance Yes It is confirmed that this report has been checked and considered for POPIA compliance.

5. RECOMMENDATIONS

It is recommended that the Centralisation of Fleet – update report be noted.

AANBEVELING

Daar word aanbeveel dat daar kennis geneem word van die vorderingsverslag oor die sentralisasie van vloot.

IZINDULULO

Kundululwe ukuba makuqwalaselwe ingxelo ehlaziyiweyo emalunga nokumiselwa kodederhu lwezithuthi phantsi koGunyaziwe omnye.

ANNEXURES

ANNEXURE A: City Manager issued Directive 1 of 2021

FOR FURTHER DETAILS CONTACT

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DIRECTORATE	Corporate Services	FILE REF NO	8/1/16/P

Approval Form

Supported for inclusion on the agenda



CENTRALISATION OF FLEET: UPDATE REPORT

Report Reference: 522721
Meeting: Section 79 Portfolio Committee - Corporate Services
Meeting Date: 03.05.2023
Meeting Venue: Meeting Room 2 6th Floor Podium

Contact Person: Moira van der Heyde
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Item	Section	Approver	Approval	Approved Date	Approver Comments
01	Author	Bevan van Schoor	Approved	17.04.2023 19:02:44	
02	Director/Directorate Support Manager	Bevan van Schoor	Approved	17.04.2023 19:03:49	
03	Executive Director	ERNEST SASS	Approved	18.04.2023 08:17:54	
04	Legal Compliance	Joan Mari Holt	Approved with Comments	19.04.2023 08:20:26	For information.

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File Ref: 2/14/3/2

2021-02-26

DIRECTIVE 1 of 2021

**EXECUTIVE DIRECTORS
DIRECTORS
MANAGERS
HEADS**

Centralisation of the Fleet Function in the City of Cape Town (including all specialised and non-specialised vehicles, plant, budget, personnel and associated assets)

Background

The City of Cape Town (the City) reviewed the Strategic Management Framework (SMF) in 2020, which is the annual strategic planning process that culminates in the MTREF budget being adopted by Council. It is essential that the annual budget cycle takes place within an established, agreed long-term planning context.

A number of the strategic imperatives from a City perspective span beyond the standard MTREF 3-year planning horizon and needed to be addressed in a cohesive and systematic manner. As such, an integrated longer-term planning view is required to be established across the City to form the basis for short and medium-term planning. The longer-term view is a critical informant of prioritisation discussions for the short and medium-term that takes place during the SMF cycle.

Therefore, long-term planning needs to be conducted in a coordinated approach to ensure common assumptions, information data sets (economic, demographic, spatial, fiscal) and transversal integration points are agreed upon and developed. The outcome of this review was the decision to begin the development of clear, long-term sector plans which integrate transversally and align with agreed upon long-term imperatives and objectives. The key changes to the SMF are highlighted as follows:

Overall Key Changes for the SMF

- **Develop, revise and improve Sector Plans** to align to key strategies.
- **Create Sector Implementation Plans/Physical Infrastructure Investment Plans (PIIPs)** with project pipelines over a 3, 5 and 10-year period.

These changes are critical to:

- **Improve** and embed **long term planning** in the City.
- To **improve the alignment between strategy and strategy implementation.**

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- To ensure that the **budget reflects the implementation of the spatial objectives** and other strategies over the longer term in a coordinated manner.
- To be able to **identify efficiencies and opportunities for integration** and collaboration.

Bevan van Schoor was appointed as the Fleet Sector Plan lead to develop a Fleet Sector Plan for the City of Cape Town. The Fleet Sector Plan is a critical informant and component of future planning. On Thursday 21 January 2021 the Fleet Sector lead presented the draft Fleet Sector Plan to the EMT and requested that the EMT considers the recommendations in the report and that clear direction and guidance be provided on the way forward.

For the purposes of this directive, "fleet" means all fleet functions, including specialised and non-specialised vehicles, plant, budget, personnel and associated assets.

After careful consideration and debate at EMT pertaining to the most effective and efficient model for Fleet operations in the City, and given the significant strain on public finances as a result of the COVID-19 Pandemic, I have directed that the **Centralisation Fleet Operating Management Model** be implemented. The Centralised model directs a full consolidation of all fleet management activities in the City into one corporate reporting structure with a dotted reporting line to the Directorates of the respective Sectors to give effect to enabling efficient service delivery.

I have instructed that the Fleet Sector Plan Lead, Bevan van Schoor, be mandated to:

- Establish a Fleet Centralisation Project Steering Committee;
- Develop an implementation roadmap to effect a successful centralisation of the Fleets of the City including but not limited hereto:
 - The definition of centralised roles and responsibilities;
 - An appropriate, fit for purpose organisational structure;
 - A change management plan;
 - Implementation of a centralised fleet staff structure including the drafting of Service Level Agreements, Standard Operating Procedures and the establishment of centralised Key Performance indicators;
 - Review of all fleet planned and current procurements and make recommendations on consolidation with a view to optimise procurement efficiencies.
 - Establishment of common transversal fleet replacement standards;
- Scope, develop and establish the Fleet Risk Operations Control Centre (FROCC) with the aim to reduce risk, increase utilisation and drive down costs;
- Develop and establish a Centralised Operations Management model and Financial Model;
- Review the facilities with a view to conduct an optimisation and rationalisation assessment of facilities (including fleet workshops, depots and maintenance infrastructure);
- Initiate a project to assess the capacity, utilisation and conditional assessment of all fleet and plant assets, depots, workshop and associated maintenance infrastructure and services in the City to inform better asset management planning and the appropriate, fit for purpose size of the Fleet to meet service delivery needs.

Way Forward

A project steering committee will be established for the Centralisation of all fleet functions across the City. The relevant Directors, Managers and Heads of the various fleet functions in

the City, as well as various support functions, will form part of this committee. The project steering committee will be chaired by the draft Fleet Sector Plan lead, Bevan van Schoor.

Bevan van Schoor will engage relevant stakeholders further regarding the establishment of the Fleet centralisation project steering committee.

The Project Steering Committees' mandate is to:

- Develop a centralisation roadmap for the consolidation of the Fleet function based on:
 - Improving Service Delivery.
 - Establishing a Fleet "Centre of Excellence" in the City of Cape Town.
 - Optimising resource use.
- Facilitate the implementation of the centralisation roadmap.
- Engage all relevant stakeholders where necessary to ensure effective implementation of the roadmap.
- Participate, co-operate and provide support to the capacity, utilisation and conditional assessment of all fleet and plant assets, depots, workshop and associated maintenance infrastructure and services in the City of Cape Town to:
 - Inform better asset management planning; and
 - The appropriate, fit for purpose size of the Fleet to meet service delivery needs.

Furthermore, a new control measure relative to the 2021/22 Medium Term Financial Plan (MTREF) period, whereby the acquisition of all new fleet will be channelled via the office of the Director Fleet Management (Economic Opportunities and Asset Management). New acquisitions will not be halted and instead have a new control measure to facilitate with analysis and influence decision making associated with the centralisation process.

Formal Committee membership appointment letters and a terms of reference for the project steering committee will be provided to relevant participants.

Should you require any further information on the centralisation process, please contact: Bevan Van Schoor Bevan.VanSchoor@capetown.gov.za.

I expect full cooperation from all staff as this process unfolds.

The Executive Directors are required to brief the relevant staff within their Directorates accordingly.

Your sincerely



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LUNGELO MBANDAZAYO
CITY MANAGER