

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a key decision within the Council's definition and has been included in the relevant Forward Plan

**Report of the Executive
Director, Place**

FLEET VEHICLE REPLACEMENT PROGRAMME

1. Purpose of Report

- 1.1 The purpose of this report is to request support for an interim fleet vehicle replacement programme. There are a number of vehicles that urgently need replacing. Failure to replace these over the next two quarters will impact upon customers and increase financial pressures on BU6.
- 1.2 It is an interim request as the Fleet Service is part of the ongoing Future Council Transformation Reviews. This work will be presented back outlining the key areas of modernisation required. At this stage it is evident that the fleet replacement programme lacks clear priorities and doesn't have a fleet strategy in place.
- 1.3 At present the service in conjunction with the Fleet Service takes local informed decisions based upon the information and data available. Anecdotally it would appear that we are exercising good judgement at this local level albeit, the process lacks transparency and needs addressing as part of the ongoing reviews.
- 1.4 Considerable work has been undertaken with finance and leasing colleagues to determine that the ongoing revenue implications incurred as a result of the appendix of replacement vehicles can be met. More work is required to fundamentally understand, challenge and determine how this authority and all parties associated with the provision of vehicles, funds such programmes and maintains the fleet in the future.
- 1.5 This is particularly pertinent considering the magnitude of change being experienced in the automotive sector towards more sustainable fuelling of vehicles as many switch to hybrid and electric power sources.
- 1.6 It is therefore proposed that a small proportion of the stock is replaced in the interim period to support the business needs and a further report will be submitted to seek overall approval of the fleet portfolio, once the reviews have been completed.
- 1.7 This report requests the authority to replace 77 vehicles within the next 6 months that will be used by various service areas throughout the Authority, of which 33 these vehicles are for customers; BH and NPS, whilst the remainder of the vehicles are required for in-house services.

- 1.8 Each batch of replacement vehicles have been subject to thorough financial scrutiny in terms in relation to VFM. This has included a review of the costs of the required vehicles, the vehicle type & specification, the most appropriate method of financing and ensuring these costs can be funded accordingly. Specifically in relation to vehicle requirements of BH and NPS, this scrutiny has taken place by the respective boards of these companies through their own governance arrangements.

2. Recommendations

- 2.1 **To authorise the replacement of up to £2.953M worth of vehicles/plant over the next 6 months, via a leasing schedule totalling approximately £0.491M annual revenue cost if all 77 vehicles are replaced.**

3. Introduction

- 3.1 The Council's fleet is funded by prudential borrowing, operating lease or finance lease. Repayment or lease periods are set to reflect the economic life of the vehicles taking into account the type of operation/severity of use. This can vary between 4 and 8 years.
- 3.2 The economic life can sometimes be extended, however the anticipated increase in maintenance costs and vehicle downtime usually precludes this. It is estimated that downtime would increase by up to 20% which would affect the ability of users to deliver their services to the public and would result in increased operational costs.
- 3.3 The new vehicles will be compliant to the latest exhaust emissions standards. Where financially appropriate, a small proportion of vehicles in reasonable condition are also usually retained for lighter use in the pool to provide back-up replacements at short notice.
- 3.4 There are 77 vehicles that have been identified with an urgent need to be replaced within the next 3 months and these are outlined in the table below:

Service Area	No of Vehicles	Replacement Cost
External Customers (NPS/BH/Norse)	33	£0.532M
Waste Services	11	£1.680M
Neighbourhood Services	26	£0.571M
Bereavement Services	7	£0.170M
	77	£2.953M

- 3.6 33 of the vehicles that are to be replaced in this tranche will be on behalf of BMBC's external partners (NPS, Barnsley Norse and Berneslai Homes). These vehicles have reached the end of their useful life and need to be replaced as a condition of the current SLA agreement in place.
- 3.7 A total of 11 Waste Management Vehicles, with a capital asset value of £1.68M are to be replaced. These vehicles have reached the end of their usable life and are experiencing increased downtime and maintenance costs. These vehicles have been pending confirmation of the specification, as Cabinet considered the recommendation to comingle paper and card into the blue bin. (cab ref 7.3.2018/14).
- 3.8 The remaining vehicles and equipment are for Neighbourhood Services and Bereavement Services. The current vehicles operated within service have been discontinued by the manufacturer and therefore proven difficult to source adequate replacement parts, leading to the fleet becoming uneconomical to maintain. To meet the ongoing business needs the fleet has been supplemented by pool/short term hire vehicles, which have been at an additional expense to the Council and is not sustainable until the review are complete
- 3.9 With regard to environmental emissions issues, it is still considered that diesel engines offer the best option at the present time. The diesel fleet currently run on a bio-diesel mix. EU Regulations have ensured that emissions levels are being reduced on a phased basis for each new Engine standard produced. Therefore one of the best environmental solutions is to maintain a regular vehicle replacement programme (4 to 8 years) to take advantage of the latest improvements. However, new technology/alternative energy sources are constantly being reviewed to enable the Authority's carbon footprint to be as low as possible for example a Nissan Leaf electric vehicle is currently in service. It is proposed that the Future Council Improvement Review of the Fleet service will consider the present vehicle replacement fleet process in line with the fundamental changes being witnessed in the industry around alternative fuel options.
- 3.10 Where possible Barnsley Council try to procure vehicles and parts within the Barnsley Borough or as local to Barnsley as possible. All vehicles listed in Appendix B will be procured through existing YPO framework agreements, namely: Light Vehicle; Grounds Maintenance; & Specialist Vehicles.

4. Consideration of Alternative Approaches

- 4.1 **Option 1** – Replace vehicles in line with the attached schedule over a period of 3 months. This is the recommended course of action as Barnsley Council would benefit from newer, more efficient, or alternative fuel vehicles. Reduced additional maintenance costs that would be associated with older vehicles being replaced and an increase in the vehicles' availability. In addition the replacement vehicles would be covered by manufacturer's warranties.

- 4.2 **Option 2** – To retain the existing vehicle fleet and extend it beyond its useful life until the transformation reviews are complete, revisiting the replacements required at that date. This option is not recommended as it would lead to further increases in maintenance costs and downtime due to more complex repairs becoming necessary. This would adversely affect user's ability to provide front-line services.

5. Proposal and Justification

- 5.1 To acquire replacement/new vehicles as listed in Appendix B and referred to within the financial implications section of the report.
- 5.2 33 of the 77 vehicles listed in Appendix B are for external customers to replace existing vehicles in line with the SLA in place. The total capital cost of these vehicles is £0.532M.
- 5.3 11 of the 77 vehicles listed are waste collection vehicles. The decision to replace these vehicles was delayed while work has been carried out on transforming the way recycling is collected in Barnsley. Following the outcome of this report a decision has been made to replace these vehicles in line with the report's recommendations.

6. Delivering Community Strategy Ambitions

- 6.1 Not applicable

7. Long Term Sustainability of the Proposal

- 7.1 Vehicle procurement costs will be funded via the hire rates and/or budgets allocated to Transport or from NPS & BH revenue budgets.

8. Impact on Local People

- 8.1 The proposals are not considered to have any direct impact on local residents. Improved fuel economy and lower emissions will reduce emission levels.

9. Compatibility with European Convention on Human Rights

- 9.1 In considering the European Convention of Human Rights, particularly article 8, no incompatibility was found with the options set out in this report.

10. Promoting Equality and Diversity and Social Inclusion

- 10.1 There are no specific issues arising from this report.

11. Reduction of Crime and Disorder

- 11.1 Various security measures have been specified where appropriate. These include alarms/immobilisers, special locks, grilles, and sealed bulkheads. All

new vehicles will have black boxes installed which will assist in tracking any stolen vehicles.

12. Conservation of Bio-diversity

- 12.1 The proposals will result in cleaner emissions from the new vehicles.

13. Risk Management Issues including Health and Safety

- 13.1 The types of vehicle / operation are jointly assessed with service users to determine the optimum life of the vehicles to reduce the risk of excessive downtime that would affect their ability to deliver the service.
- 13.2 A variety of safety features have been built into vehicle specifications where appropriate, for example: - Reversing Aids - sensors, rear view cameras, wide-angle mirrors. Manual handling aids - cranes, grabs, swing-lifts bin-lifts, tail-lifts. Load Safety/Security - cages, bulkheads, on-board weighing, vehicle tracking. Disabled Access - ramps, tail-lifts, low floors & steps, wheelchair restraint systems.

14. Financial Implications

- 14.1 Consultations on the financial implications have taken place with representatives of the Service Director – Finance (S151).
- 14.2 It is proposed to initially replace 77 fleet vehicles and items of equipment over the next 3 months. The total capital cost of replacement is estimated to be in the region of £2.953M.
- 14.3 The vehicles will be financed over a period of between 4 and 8 years reflecting the useful life of the asset. It is estimated that the annual revenue cost of financing this expenditure totals £0.491M. Funding has already been earmarked with the Environment and Transport leasing budget for this cost following the completion of existing lease arrangements.
- 14.4 At the time of replacement a detailed exercise will be undertaken to determine the best option to finance the procurement of the vehicles. Currently the most economical funding arrangement involves an operating lease however as part of the review we will look at all financing options to give assurance for the future funding of the new fleet replacement strategy.
- 14.5 Finally, a further report will be submitted to cabinet as part of the full fleet replacement strategy where total costs will be highlighted including any ongoing pressures on the Environment and Transport leasing budget.
- 14.5 The financial implications are shown on the attached Appendix A.

15. Employee Implications

- 15.1 Input of drivers into correct type and specification of vehicles. Demonstration vehicles are provided where possible.

16. Glossary

17. List of Appendices

Appendix A - Financial Implications
Appendix B - List of Vehicle Replacements.

18. Background Papers

Tender Documents – contain exempt information not for publication.
Vehicle Replacement Cost Build-up – contains exempt information not for publication.

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CONSULTATIONS ANNEX

FLEET SERVICES VEHICLE REPLACEMENT PROGRAMME

(a) **Financial Implications**

The Service Director – Finance (S151) has been consulted to determine the best funding options. A more detailed joint review will be undertaken when all the specific makes/models are known and a mileage/optimum life agreed for each vehicle.

(b) **Employee Implications**

Drivers may require vehicle familiarity training dependent upon the final models chosen. Drivers are involved in the assessment/demonstration of new vehicles

(c) **Legal Implications**

There are no legal implications arising from this report.

(d) **Policy Implications**

There are no policy implications arising from this report.

(e) **ICT Implications**

Not applicable.

(f) **Local Members**

Not applicable.

(g) **Health and Safety Considerations**

A variety of safety features have been built into vehicle specifications where appropriate see 13.2 above.

(h) **Property Implications**

There are no property implications arising from this report.

(i) **Implications for Other Services**

See (j) below.

(j) **Implications for Service Users**

All users have been consulted to determine their vehicle requirements; this has included drivers and supervisors as well as Heads of Service. The new vehicles will incur less downtime to enable users to deliver their services more effectively.

(k) **Communications Implications**

There are no communications implications arising from this report.