



Northumberland

County Council

COMMUNITIES AND PLACE OVERVIEW AND SCRUTINY COMMITTEE

DATE: 31ST OCTOBER 2018

UPDATE ON THE FLEET REPLACEMENT PROGRAMME FOR 2018/19

Report of the Executive Director of Place, Paul Johnston

Cabinet Member: Councillor Glen Sanderson, Environment and Local Services

Purpose of report

To provide an update on progress made with the delivery of the Council's fleet replacement programme for 2018/19.

Recommendations

To note the good work undertaken within both the Fleet Management Service and the Procurement team to deliver a challenging fleet replacement programme during 2018/19, and the requirement for reprofiling of expenditure into the 2019/20 capital programme to cover the cost of vehicles that have been ordered and are in manufacture, but which may not be delivered by 31 March 2019.

Link to Corporate Plan

The Fleet Replacement Programme is relevant to both the, '*We want you to love where you live*' & '*We want you to have access to the things you need*' themes in the corporate plan. The allocation of capital funding to support a rolling fleet replacement programme is essential to ensure that key front line services have reliable, cost effective and modern vehicles and equipment to enable them to deliver services to individuals and communities across the County. An effective, modern and well managed vehicle fleet also ensures that the council minimises the impact that it's transport activities have on the environment and that it keeps pace with innovation and best practice.

Key issues

1. It is essential that the Council delivers its fleet replacement programme in a timely manner that meets service requirements, whilst also ensuring that there is

a robust challenge over service need, harmonising vehicle specifications and delivering value for money through effective procurement arrangements.

2. The process for undertaking the replacement of vehicles has been clearly documented with responsibilities assigned for each stage of the process and robust governance arrangements put in place to regularly monitor and review progress. The process ensures that services are robustly challenged over both the need for replacement vehicles and the specification of the vehicle (so that there is a greater degree of standardisation across the fleet).
3. When developing the programme, consideration is given to the service department's needs over the timing of replacement vehicles, the time required to undertake the procurement exercise and manufacturers' build times once orders are placed. This means that Fleet staff have to look across both the current and future years replacement programmes so that service critical/long lead-in time vehicles are given priority.
4. Quick change body swaps and other conversions are considered for all types of vehicles and plant to reduce standing time on seasonal equipment. Examples of this would be the adaption of large tractors used for grass cutting to accommodate snow blower heads in winter. Ride on mowers are also converted to operate snow ploughs. This flexibility allowed Local Services to react to the worst of the weather during the "Beast from the East"
5. Due to expected build times specifications were drawn up for 6 new 18ton 4x4 Gritters in Nov 2017 to have available for Nov 2018. Truck manufacturers and winter salt body conversion companies were consulted and assurances given that if orders were placed a 6-7 month delivery could be achievable. However, given that delivery dates are not guaranteed, plans were developed to mitigate the risk of new vehicles being delayed. This involved an assessment of the condition of the vehicles being undertaken that identified significant refurbishment costs would be incurred if the existing 6 gritters were retained to cover the start of the winter period. The availability and cost associated with the short term hire of gritters was also assessed and it was confirmed that this would offer a lower cost option and was the best way forward. On this basis the older vehicles were returned to the leasing companies in April 2018 which allowed the authority to terminate contract hire charges and removed the requirement to refurbish the old units at a saving of ~£81k. Unfortunately, the appointed supplier subsequently contacted NCC to advise that due to exceptionally high demand a mid October delivery could no longer be achieved, and delivery was rescheduled to late November/mid December. It has therefore been necessary to hire-in 6 gritters for the start of the winter period to be available from mid October. These hired gritters have the same capacity and capability of the awaited fleet so there will be no impact to service delivery. This has resulted in additional hire costs being incurred but still delivers a significant nett saving of ~£52k when compared to the option of refurbishing and extending the leases of the old vehicles, which also had an increased risk of unplanned breakdown due to their age/condition.
6. The delivery of the remaining 2018/2019 fleet replacement programme is on-track with all other 'service critical' replacement vehicles having already been delivered or on track for agreed delivery. There are no anticipated delays over

the delivery of the remainder of the vehicles on the programme for 2018/2019 that will affect service delivery.

7. The capital budget for 2018/2019 is £10.556m which includes £1.441m reprofiled from 2017/18. It is expected that the whole of this budget will be required. It will therefore be necessary for any underspend against the 2018/2019 replacement programme to be reprofiled into 2019/2020 in order to cover the cost of those vehicles which have been ordered and are in manufacture, but which will not be delivered until after 31st March 2019.

Background

The delivery of the 2018/19 fleet replacement programme has been challenging due to the high number of vehicles being delivered in this financial year. Over 30% of the fleet size of 670 vehicles were originally identified as replacements with 212 items on this year's programme.

Service reviews and challenges have resulted in 9 vehicles being removed from the programme with a saving of ~£206k

However, since April 2018 an additional 27 vehicles at a cost of ~£1.1m have been added to the programme. These include:

- A new specialist Paving Machine (£85k) for road resurfacing to support the Highways Capital Programme reducing the requirement to hire externally at a much higher rate and thus offering an 'invest to save' opportunity.
- 2 x Refuse Trucks due to increased demand on collections. (£332k)
- 12 x ride on mowers (£300k) have been brought forward with orders placed in this financial year with a delivery in March 2019 instead of June 2019. This is due to new emission standards on plant registered after April 2019 which would have cost an estimated £2k more per machine.
- 11 additional vehicles for Foundry House, Adult Services previously supplied by external hire companies

The Fleet Team have also had to prioritise work relating to some time critical replacement of vehicles identified on the 2018/19 replacement program and in particular 24 refuse trucks. The procurement timescales and build times for this type of vehicle exceeds 12 months and orders had to be placed in the Autumn of 2017 so that we could take delivery of 2 vehicles per month from April 2018.

Utilisation data from vehicle GPS trackers has been used to robustly challenge services over the need for replacement vehicles before new vehicles are ordered. A proportion of the scheduled replacements are small vans (48) and Fleet have monitored the use of these vehicles across all depots and services. It is proposed to introduce a depot based pool van sharing scheme where services will have low use vans removed from their sole use and a sharing scheme will be implemented for the times transport is needed. Until this exercise has been fully reviewed the procurement of 44 small vans has been carried forward to 2019/2020.

Fleet Services are also working towards replacing a large proportion of these small vans with electric vehicles from 2019/2020. A separate report will detail this proposal.

All vehicles with a Gross Vehicle Weight over 3.5ton are now specified to meet the standard of the Fleet Operator Recognition Scheme (FORS) and Construction Logistics and Community Safety (CLOCS) standards.

As of the 20th October 2018 the forecast year end position on the fleet replacement programme is as follows:-

Budget: £10,556,265

a) Actual Expenditure incurred (up to 20th Oct): £2.762m

30 Vehicles have been delivered to fleet users. Service critical vehicles were prioritised on the programme to ensure there was no impact to front line delivery including:

- 14 Refuse Trucks
- 4 x Street Lighting Tower Vehicles
- 5 x Welfare Vehicles

b) Vehicles Ordered with Suppliers awaiting delivery: £4.05m

There are a number of vehicles (38) that are on order with suppliers at a cost of £4.05m. All vehicles currently on order are expected to be delivered before 31st March 2019.

These vehicles include:

- 10 x Refuse trucks
- 2 x 18ton Asphalt Hotboxes
- 4 x Large Road Sweepers
- 2 x Small Pavement Sweepers
- 4 x Traffic Management Vehicles
- 6 x Welfare Vehicles

c) Vehicles with Procurement: £1.996m

There are a number of vehicles committed (46) and specifications agreed with fleet users. The Procurement Team are in progress of procuring these from suppliers and awarding contracts.

These vehicles include:

- 16 x Ride on mowers required for March 2019
- 13 x 3.5ton Tippers
- 5 x 7ton Tippers
- 4 x Quick Release Bodies (Surface Dressing)
- 1 x 18ton Hiab Wagon
- 2 x Medium Sweepers
- 2 x Additional Refuse Trucks

d) Vehicles In Progress: ~£0.665m

There are a number of vehicles (26) on the replacement programme that are under negotiation with manufacturers, body shops and fleet end users. These are non critical items and include:

- 11 x Tipper Vehicles
- 1 x Mini Grave Digger
- 8 x Panel Vans

e) Rescheduled Replacements: £3.236m

This figure is the cost of vehicles carried forward (100) due to:

- ❑ Uncertainties within the service
- ❑ Utilisation reviews.
- ❑ Build and lead times resulting in delivery after 31st March 2019.

Examples are:

- 44 Small vans (Utilisation and Electric Vehicle Review)
- 16 Panel Vans (Utilisation Review)
- 2 x Gully Emptiers (Service Review & Build Time)
- 10 x Vehicles under Adult Services Day Centre Support (Service Review & Build Time)
- 2 x Mobile Libraries (Service Review)
- 18 x Tipper vehicles (Build Time)

Reprofiling: ~ £3.236m

There is a requirement to reprofile the budget of £3.236m for the 100 vehicles identified above (e) as rescheduled replacements.

However, the forecast budget outturn for 2018/19 is highly sensitive as suppliers are yet to confirm delivery dates for the 46 vehicles under procurement processes. (~£1.996m) and the 26 vehicles in progress with fleet users (~£0.665m)

It should also be noted that from previous experience suppliers can revise delivery dates within a days notice and therefore the year end position could improve from the forecast in the final 5 months of this financial year.

The capital budget for 2018/19 is £10,556,265, expenditure to date and the committed spend totals £12.019m. However as there is a forecast re-profiling of spend of £3.236m into 2019/20 the overall budget for 2018/19 will not be exceeded and the MTFP will be updated to reflect the current profile and future commitments.

It should be noted that all 'service critical' replacement vehicles will either be delivered or mitigated with suitable alternative hired vehicles. There are no anticipated delays over the delivery of the remainder of the vehicles on the programme for 2018/19 that will have an adverse impact on service delivery

Implications

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| Policy | Challenging services users over both need to replace and the specification of the vehicles and plant required helps to ensure that the Fleet Replacement Programme supports the Corporate Plan objectives of innovation to deliver improvements in service delivery and efficiencies. |
| Finance and value for money | The timely replacement of vehicles and plant as they reach the end of their economic life ensures value for money. The use of framework contracts and packaging of vehicle supply requirements to cover several years provides economies of scale, ensures that the most cost effective means of obtaining new vehicles and plant are being used. Regularly obtaining quotes for the provision of vehicles through 'operating lease' arrangements also ensures that the Council uses the most cost effective means of financing the provision of vehicles. |
| Legal | None |
| Procurement | Close working arrangements are in place between Procurement and Fleet Management to ensure the delivery of the programme |
| Human Resources | None |
| Property | None |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> | None |
| Risk Assessment | The main risks associated with the fleet replacement programme are the delay in replacement of vehicles/plant that are critical to service delivery. |
| Crime & Disorder | All new vehicles are fitted as standard with GPS tracking devices and speed limiters and where suitable in cab driver behaviour devices |
| Customer Consideration | New vehicles are branded with the NCC livery so that customers and the general public are aware that it is NCC staff/vehicles that are being used to provide services to them. |
| Carbon reduction | The Council's vehicle fleet uses ~£2m worth of fuel each year. Ensuring that the fleet is modern, well maintained and robustly managed is vital if the Council wishes to reduce its carbon impact from the provision of services to the minimum. Whilst the Council already utilises electric vehicles for pool cars within the fleet they are considering replacing a number of small diesel vans with full electric vehicles. |

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| Wards | All |
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Background papers:

None

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

| | initials |
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| Monitoring Officer/Legal | |
| Executive Director of Finance & S151 Officer | |
| Relevant Executive Director | |
| Chief Executive | |
| Portfolio Holder(s) | |

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