



# Northumberland

## County Council

COMMUNITIES AND PLACE OVERVIEW AND SCRUTINY COMMITTEE

DATE: 5 FEBRUARY 2020

---

UPDATE ON THE FLEET REPLACEMENT PROGRAMME FOR 2019/20

**Report of: Interim Executive Director of Regeneration, Commercial and Economy,  
Rick O'Farrell**

**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 2019/2020.

### **Recommendations**

To note the work undertaken to deliver a challenging fleet replacement programme during 19/20.

### **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, makes a positive contribution to tackling climate change 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 established for several years with clearly documented 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. There are a number of challenges this year due to transport industry changes, new legislation and current new vehicle demand outstripping supply from manufacturers. This has resulted in longer build times, uncertainty on availability and increased costs. These changes include the following;-
  - ❑ Worldwide Harmonised Light Vehicle Test Procedure (WLTP). Following the VW emission scandal a new testing regime was introduced to provide "real-world" fuel consumption and CO2 figures. Due to the large number of vehicle manufacturers having to undergo the new testing regime at the same time, there is a backlog which has delayed some manufacturers updating their pricing structures creating cost uncertainty and delays in supply.
  - ❑ Individual Vehicle Approval (IVA). Any conversions or adaptations to the base vehicle requires a Driving and Vehicle Standards Agency (DVSA) inspection and a final WLTP. This increased burden has reduced the number of conversion companies & body manufacturers in the market, resulting in increased costs and longer delivery times.
  - ❑ Introduction of new Euro 6 Emissions Standards, with increased costs and limited available stock (with vehicles having to be manufactured to order).
5. The 2019/20 programme includes the replacement of a large proportion of the small van fleet. A condition review of the 53 small vans due for replacement has confirmed that 10 require immediate replacement due to high mileage/condition

and the impact of vehicle downtime to services and costly maintenance repairs. However, the opportunity to delay the replacement of the remaining 43 vehicles where this doesn't affect service delivery has been taken, so that the potential to replace them with electric or hybrid vehicles can be considered as part of the Council's plans to green its fleet as part of its climate change commitment.

6. This years fleet replacement programme also includes a significant number of light commercial vehicles such as Ford Transit size vehicles (60) with various body configurations such as tippers, caged bodies and panel vans. Early assessment of these type of vehicles identified 7 service critical caged tippers requiring prompt replacement and Fleet secured stock built vehicles late in 2018 for a summer 2019 delivery for these conversions. However, the remaining fleet are subject to new Euro6 engines and the heavier components manufacturers have developed to meet the new standards has affected the expected payload (the weight they can carry). This reduced payload issue has been identified by the Fleet Team as a significant concern, as in some cases this may result in the vehicle being overloaded after essential tools and materials are carried. Further dialogue with service departments is being undertaken to ensure replacement vehicles are fit for purpose. This requires service departments to review operational/working practices , for example new ways of delivering materials and equipment to site. Or, alternatively to consider increasing the gross vehicle weight of the new vehicle to over 3.5ton. However, increasing the size of the vehicle has further implications, as any bigger and heavier vehicles would not only be more costly to purchase but also be subject to Operator Licence requirements, resulting in the driver being unable to drive on a standard car licence.
  
7. In order to allow service departments time to undertake a review of their requirements/working arrangements a decision has been taken to delay the replacement of the remaining 53 light commercial vehicles until a full review and an impact assessment has been carried out to identify the increased costs of training, maintenance and driver management, and the potential for use of EV models as some of these vehicles may also be suitable for replacement with electric or hybrid models.
  
8. In order to support the consideration of electric vehicles the Council is engaging with the Energy Savings Trust to carry out a Green Fleet Review to provide an independent assessment on current use and journey history. The Fleet Team has also enlisted the support of the Council's Improvement and Innovation Team to support the development of a business case to secure the funding required to install the necessary electric vehicle charging infrastructure within our depots. It is expected that the results of this survey will be published in Feb 2020, enabling the detailed business case to be developed before the end of 2019/20.

9. Safety of the workforce and the general public is paramount for any traffic management activities and the programme included the replacement of 4 such vehicles used by Technical Services. The vehicles need to have a bespoke traffic management body mounted to a vehicle chassis and the procurement exercise required both suppliers to collaborate throughout the process before submitting a bid. Following the award of contract it became evident that the chassis provider could not meet the requirements of the body manufacturer and in particular overloading the axle design weights associated with the specific positioning of equipment on the body. This has resulted in protracted correspondence with the chassis supplier and it is now intended that the contract will be terminated and rescheduled. During this period the existing traffic management vehicles have continued in operation and additional external service providers used where necessary.
  
10. The delivery of the remaining 2019/2020 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 2019/2020 that will affect service delivery.
  
11. The original capital budget requirement for 2019-20 was £9.660 million based on the age profile and agreed replacement cycle of the various vehicles in the fleet. The available budget after allowing for reprofiling at the start of the financial year is £7.149 million for 2019-20. It will therefore be necessary for any balance to be reprofiled into the 2020-21 programme to cover the cost of those vehicles which have been ordered and are currently being manufactured, but will not be delivered until after 31st March 2020. The extent of this reprofiling will be determined at the end of the financial year.

## **Background**

The delivery of the fleet replacement programme is always challenging but this year due to the high number of vehicles being scheduled for replacement or carried forward from 2018/19 it has proved difficult. Over 40% of the fleet size of 692 vehicles were originally identified as replacements with 280 items on this year's programme.

In addition, since April 2019 a further 18 vehicles at a cost of £468k have been added to the programme increasing the total to 298.

These include:

- ❑ A new specialist Chipping Spreader Paving Machine (£187k) 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.
- ❑ 3 x 4.7ton Caged Tippers (£117k) for Neighbourhood Services SE.
- ❑ Various agricultural and horticultural machinery including 7 x zero turn mowers (£52k)

- ❑ A Nissan Leaf electric car to be used as a pool vehicle for Public Protection officers working from West Hartford Fire Station reducing mileage claims.
- ❑ 1 JCB for Technical Services (£68k) previously supplied by external hire company.

The Fleet Team have also had to prioritise work relating to some time critical replacement of vehicles identified on the 2020/21 replacement program and in particular 4 x gritting vehicles and 14 refuse trucks. The procurement timescales and build times for this type of vehicle exceed 12 months and orders had to be placed early enough to ensure delivery timescales did not adversely affect front line services.

Service reviews and challenging the need for vehicles has resulted in 14 vehicles or items of plant being removed from the programme with a saving of £394k

As of the 18th November 2019 the forecast year end position on the fleet replacement programme is as follows:-

Description	£'m	£'m
<b>2019/20 Budget</b>		<b>7,148,999</b>
Expenditure incurred to date	3,633,202	
Vehicles Ordered & Expected before 31/3/20	717,611	
Vehicles Committed & Expected before 31/3/20	294,900	
<b>Sub Total</b>	<b>4,645,713</b>	
Forecast Expenditure		<b>4,645,713</b>
Forecast Reprofile		<b>2,503,286</b>

**Budget: £7,148,999**

**a) Actual Expenditure incurred (up to 18th Nov): £3.633m**

68 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:

- 10 Refuse Trucks
- 7 x Caged Tipper Vehicles
- 4 x 18ton Gritters with quick release tipper bodies for dual use in summer and winter
- 13 Ride on Mowers
- 2 x Pavement Sweepers
- 12 x Tipper Vehicles for road maintenance and street cleansing

**b) Vehicles Ordered with Suppliers - expected delivery before March 2020: £0.718m**

There are 14 vehicles that are on order with suppliers and we are expecting to take delivery in this financial year.

These vehicles include:

- 3 x Caged Tippers for Neighbourhood Services
- 6 x small vans
- 1 x 26ton Gritting Vehicle

**c) Vehicles Ordered with Suppliers - expected delivery after March 2020: £0.569m**

There are 3 vehicles with complex specifications that the build is in progress but the council will not take delivery before March 2020.

- 2 x Refuse Trucks (Toploaders)
- 1 x Surface Dressing Chipping Spreader

**d) Vehicles with Procurement - expected delivery before March 2020: ~ £0.295m**

Items and specifications agreed with fleet users, the Procurement Team are in the process of procuring these from suppliers and awarding contracts.

- 4x Large Tractors
- 2 x Trailers

### **e) Vehicles In Progress: ~£0.865m**

Fleet are finalising 31 vehicle specifications with service users, manufacturers and body convertors.

They include:

- 13 x Ride On Mowers for the commencement of grass cutting in March 2020.
- 6 x Panel vans
- 4 x Compact Pavement Sweepers

### **e) Rescheduled Replacements: ~£4.941m**

This figure is the budget to replace 158 vehicles that can't be delivered before the 31st March 2020 due to:

- Electric Vehicle Review
- Weight capacity review
- Uncertainties within the service
- Utilisation reviews.
- The scheduled replacement date being moved forward to the next financial year following vehicle condition assessment.
- Manufacturer build and lead times resulting in delivery after 31st March 2020.

Examples are:

- 43 Small vans (Utilisation and Electric Vehicle Review)
- 53 x Tippers and Panel Vans (Electric Vehicle and Capacity Review)
- 18 x Passenger Transport Vehicles under Adult Services Day Centre Support (Service Review & Build Time)
- 16 x Vehicles including 6 x Quad Bikes (Condition Assessment)
- 28 x Vehicles (Build Time)

### **Additional Reprofitting: ~ £2.503m**

As described in the key issues above, reprofiling of £2.438m was originally forecast when setting the budget and it is now forecast that additional reprofiling of £2.503m is required to ensure the budget is available to procure the 158 vehicles identified above (e) in 2020/2021

However, the forecast budget outturn for 2019/20 is highly sensitive as suppliers are yet to confirm delivery dates for the 10 vehicles under procurement processes. (~£0.622m) and the 31 vehicles in progress with fleet users (~£0.865m)

It should also be noted that from previous experience suppliers can revise delivery dates within a few days notice and therefore the year end position could improve from the forecast in the final 4 months of this financial year.

The capital budget for 2019/20 is £7,149 million, expenditure to date and the committed spend totals £4.645m.

It should be noted that all 'service critical' replacement vehicles will be delivered. There are no anticipated delays over the delivery of the remainder of the vehicles on the programme for 2019/20 that will have an adverse impact on service delivery

### **Implications**

<b>Policy</b>	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.
<b>Finance and value for money</b>	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.
<b>Legal</b>	None
<b>Procurement</b>	Close working arrangements are in place between Procurement and Fleet Management to ensure the delivery of the programme
<b>Human Resources</b>	None
<b>Property</b>	None
<b>Equalities</b> (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	None
<b>Risk Assessment</b>	The main risks associated with the fleet replacement programme are the delay in replacement of vehicles/plant that are critical to service delivery.



<b>Crime &amp; Disorder</b>	All new vehicles are fitted as standard with GPS tracking device, speed limiters and where suitable in cab driver behaviour devices and cameras
<b>Health and Wellbeing</b>	Providing fit for purpose vehicles will impact positively on musculoskeletal health.
<b>Customer Consideration</b>	New vehicles are branded with the new 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.
<b>Carbon reduction</b>	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.
<b>Wards</b>	All

**Background papers:**

None

**Report sign off.**

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

	Name
Monitoring Officer/Legal	Liam Henry
Service Director Finance & Interim S151 Officer	Alison Elsdon
Relevant Executive Director	Rick O'Farrell
Chief Executive	Daljit Lally
Portfolio Holder(s)	Glen Sanderson

**Author and Contact Details**

Davey Robertson, Fleet Manager  
Tel: 01670 622943  
Email: davey.robertson@northumberland.gov.uk