# Fleet Replacements 2016/17

## A1. Project Brief - Purpose

The replacement of out of life vehicles, plant and equipment and those with unsustainable maintenance costs.

## A2. Project Background

The Project is the purchase of the Council's fleet vehicles, plant and equipment scheduled for replacement in the financial year 2016/17, as part of a rolling programme necessary to replace out of life vehicles and those with unsustainable maintenance costs.

Decisions were taken by the then Asset Management Group to change the replacement cycle of said vehicle and equipment from a set life in years to a more appropriate replacement cycle based on the type of vehicle and condition. The vehicles in the replacement list for the next financial year would have all been considered out of life under the old replacement cycle. The items are listed with their maintenance costs for the last 36 months. This maintenance cost is calendar year based and not financial year.

## A3. Objectives

To replace vehicles and items of plant and equipment that is currently proving very expensive to maintain.

## A4. Benefits

Where possible the vehicles will be replaced with electric equivalents subject to the usual procurement exercise. Electric vehicles are more reliable and available than they have been in the recent past and the distance they are able to travel is improving all the time.

At least seven of those vehicle listed below could be replaced by electric equivalents.

For those vehicles that cannot be replaced by electric equivalents, the preferred option is diesel powered. Replacement vehicles will all be Euro 6 emissions compliant, replacing vehicles that are currently only Euro 4 compliant. Euro 6 emissions were mandatory in cars and vans from September 2015.

Euro 4 emission standards, which were introduced in 2006, saw diesel engines make big strides in reducing the amount of harmful emissions they produce. It would take 35 Euro 4 compliant vans to produce the same volume of particulates as one pre-Euro1 vehicle, for example.

Euro 5 standard took things further, limiting the amount of NOx a car or van can emit to 180mg/km – a 20% reduction compared to Euro4.

Euro 6 more than halves the amount of nitrogen oxides that diesel vehicles can emit with a cap of 80mg/km. The EU is focusing on NOx because it is one of the most harmful greenhouse gases. It can last up to 150 years – significantly longer than other greenhouse gases.

The date for Euro 7 emissions has not yet been released but it is likely to be 2020.

## B1. Capital Costs and Funding

List below of fleet replacements for 2016/17

| Fleet No | Class | Service | Department | Forecast replacement cost | 36 months accumulative maintenance |
|---|---|---|---|---|---|
| | | | | | |
| 0011 | Panel van | Environment | S&OS Rangers | £18,000.00 | £6,275.50 |
| 0018 | Pick-up truck | Environment | Fleet Management | £18,000.00 | £12,645.95 |
| 0020 | Panel van | Environment | S&OS Enforcement | £16,000.00 | £3,990.63 |
| 0055 | Panel van | Environment | S&OS Ground Maintenance | £16,000.00 | £2,165.17 |
| 0083 | Panel van | Environment | S&OS Rangers | £16,000.00 | £3,233.56 |
| 0097 | Panel van | Environment | S&OS Street Cleaning | £16,000.00 | £3,366.24 |
| 0105 | Post rammer | Environment | S&OS Ground Maintenance | £3,500 | £499.46 |
| 0107 | Trailer | Environment | S&OS Ground Maintenance | £5,000.00 | £437.80 |
| 0124 | Mower-TG | Environment | S&OS Ground Maintenance | £21,000.00 | £8,709.14 |
| 0134 | Panel van | Environment | S&OS Street Cleaning | £16,000.00 | £2,364.97 |
| 0170 | Panel van | Environment | S&OS Distribution | £16,000.00 | £7,715.00 |
| 0199 | Trailer | Environment | S&OS Ground Maintenance | £4,000.00 | £335.43 |
| 0202 | Tipper truck | Environment | S&OS Ground Maintenance | £26,000.00 | £3,387.92 |
| 0208 | Panel van | Environment | S&OS Rangers | £16,000.00 | £2,750.11 |
| 0209 | Tractor | Environment | S&OS Ground Maintenance | £45,000.00 | £7,169.86 |
| 0214 | Panel van | Environment | S&OS Ground Maintenance | £18,000.00 | £3,020.54 |
| 0219 | Tipper truck | Environment | S&OS Ground Maintenance | £26,000.00 | £4,828.69 |
| 0233 | Tipper truck | Environment | S&OS Ground Maintenance | £26,000.00 | £3,091.33 |
| 0235 | Tipper truck | Environment | S&OS Ground Maintenance | £26,000.00 | £4,579.00 |
| | | | | £348,500.00 | £80,566.30 |

## B1a. VAT implications

There are no VAT implications with this project.

| | |
|---|---|
| **Total Capital Costs** | £348,500.00 |
| **Total Capital Funding Requirements** | £348,500.00 |

## B2. Revenue Costs and Funding

Revenue costs will be greatly reduced across all vehicles and items of plant and equipment that are replaced. The 36 month accumulative maintenance costs as listed above are typical of aging vehicles.

The maintenance costs on new vehicles are much lower as vehicles are covered by a three year, 100,000 mile manufacturer warranty (light commercial vehicles only). Running and servicing costs are the only costs on new vehicles as any other defects will be repaired free of charge through warranty claims.

A typical standard panel van will only require one service per year in the first year of its life. An annual service on an LCV costs approximately £250.00 to £300.00. A safety inspection is introduced to all light commercial vehicles in the second year of life so revenue costs rise slightly. Maintenance costs rise after the third year as warranty is no longer current and all repairs are charged to revenue accounts.

The servicing costs on electric vehicles is lower than diesel equivalents as there is no engine oil, oil filter, fuel or air filters to replace. An annual service on an electric van of the same make and type as that used by Environmental Health is only £110.00 in its first year. The running costs are estimated at 2p per mile as opposed to 15p to 20p per mile for diesel equivalents. (charging and fuel costs only) Some infrastructure may be required at the proposed Cowley Road site as charging posts will be required for the electric vehicles. As an interim arrangement charging units may also be required at the Mill Road Depot.

The revenue costs indicated below include all the vehicles and items of plant and equipment listed above as they are replaced and do not include revenue costs as they are now. No additional revenue funding is required as the maintenance costs are already provided for in revenue accounts. The costs are for maintenance only and do not include any other running costs such as fuel, staffing etc.

| | **2015/16 £s** | **2016/17 £s** | **2017/18 £s** | **2018/19 £** | **Annual ongoing** |
|---|---|---|---|---|---|
| **Total Annual Revenue costs** | | 3,350 | 5,100 | 6,800 | 10,500 |
| **Revenue funding requirements** | | | | | |

## B4. Procurement Strategy

All replacement vehicles and items of plant or equipment will be procured using The Procurement Partnership Ltd (TPPL),The Crown Commercial Service (CCS) or ESPO (Eastern Shires Purchasing Organisation), using R&R funding. All the vehicles and items of plant and equipment are available on framework agreements held by the three procurement bodies listed above all of which are OJEU compliant

| **Target Dates for major procurement elements of the project (where appropriate):** | |
|---|---|
| Start of procurement | **1 April 2016** |
| Award of Contract(s) | **Aug 2016 to March 2017** |
| Start of project delivery | **1 April 2016** |
| Completion of project | **31 March 2017** |
| Date that project output is expected to become operational (if not same as above) | **n/a** |

## B5. Staffing and external contractor resources

Fleet Manager will act as project manager and will write vehicle specifications, obtain quotations and will order all replacement vehicles. No additional staffing resources are required.

| Skill/level/person | Estimated number of hours | Estimated Duration | |
|---|---|---|---|
| | | Start date | Finish date |
| Project Manager | 50 - 75 | 1 April 2016 | 31 March 2017 |
| Project team expert | | | |
| Contractor/Consultant | | | |
| Legal | | | |
| Human Resources | | | |
| Finance | | | |
| Procurement | | | |
| etc. backfill/temporary staff resource | | | |

## B6. Wider staff implications

There are no wider staff implications as per B5 above.

## B7. Outline your approach to consultation

Consultation with Stakeholders has already taken place to establish fleet replacement requirements for 2016/17.

## B8. Equalities Impact (EQIA)

An EQIA has not been carried out as there are no affected parties with regards the results from this project

## B9. Environmental Impact

+M

This report has been discussed with the Carbon Management Team and the Climate Change impact is rated as positive medium.

## B11. Risk assessment

Without replacement vehicles maintenance costs will increase further and have an adverse effect on revenue accounts. The vehicles being replaced already have high maintenance costs and this will only rise further with age.

## B12. Anticipated approach and timetable

**PROVIDE TIMELINE OF KEY PROJECT DATES**

| Stage/Milestone | Outcome/Deliverable | Date of Completion |
|---|---|---|
| Stakeholder meetings | Agree replacement type/make | By end June 2016 |
| Specifications written | | July 2016 |
| Quotations received | | August 2016 |
| Replacements ordered | | September/November 2016 |
| Replacements delivered | | December 2016 to March 2017 |

| Project Control Document - Capital costs & funding - Profiling | | | | | | Appendix A |
|---|---|---|---|---|---|---|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Comments |
| | £ | £ | £ | £ | £ | |
| **Capital Costs** | | | | | | |
| Building contractor / works | | | | | | |
| Purchase of vehicles, plant & equipment (including IT infrastructure & costs) | | 348,500 | | | | |
| Professional / Consultants fees | | | | | | |
| Other capital expenditure: | | | | | | |
| *insert rows as needed* | | | | | | |
| **Total Capital cost** | **0** | **348,500** | **0** | **0** | **0** | |
| **Capital Income / Funding** | | | | | | |
| Government Grant | | | | | | |
| Developer Contributions | | | | | | |
| R&R funding (if applicable) | | 348,500 | | | | 43008-6017-00000 |
| Earmarked Funds | | | | | | |
| Existing capital programme funding | | | | | | |
| Revenue contributions | | | | | | |
| **Total Income** | **0** | **348,500** | **0** | **0** | **0** | |
| **Net Capital Bid** | **0** | **0** | **0** | **0** | **0** | |

| Project Control Document - Revenue Costs | | | | | Appendix B |
|---|---|---|---|---|---|
| | Update financial years as necessary | | | | |
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Comments |
| | £ | £ | £ | £ | |
| | | | | | |
| Maintenance | 3,350 | 5,100 | 6,800 | 10,500 | |
| Insurance | | | | | |
| Operating costs | | | | | |
| Staff (savings)/costs | | | | | |
| Energy (savings)/costs | | | | | |
| Other (savings)/costs | | | | | |
| *insert rows as needed* | | | | | |
| | **3,350** | **5,100** | **6,800** | **10,500** | |
| Existing budget provision | | | | | |
| **Net Revenue Implications** | **3,350** | **5,100** | **6,800** | **10,500** | |
| | | | | | |