

REPORT TO CABINET

REPORT OF: ACTING STRATEGIC DIRECTOR

REPORT NO: SS09

DATE: 6th July 2009

TITLE:	FLEET MANAGEMENT STRATEGY	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key Decision	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr John Smith - Healthy Environment Portfolio Holder	
CONTACT OFFICER:	Pat Swinton - Operations and Transport Manager p.swinton@southkesteven.gov.uk 01476 406570	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	Yes	No
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Nil	

1. RECOMMENDATIONS

1.1. It is recommended that:

Cabinet adopt the Fleet Management Strategy appended to this report.

2. PURPOSE OF THE REPORT/DECISION REQUIRED

2.1. This report summarises the main features of the draft Fleet Management Strategy which provides a framework for the procurement and management of the Council's vehicles. The implementation of this strategy will contribute directly to the Council objectives set out in the Quality Organisation priority theme in terms of improved efficiency and reduced carbon emissions.

3. DETAILS OF REPORT

3.1 The Council as a whole currently operates with 143 vehicles of various types. Of these, 55 are operated by Street Scene Services, 54 by Tenancy Services and the remaining vehicles are used by various services.

3.2 The Council spends over £1.3M per annum (2007/8) on vehicles, including fuel. The Council's fleet is currently funded in different ways. The majority (113) were purchased outright, and the remaining 26 acquired by operational lease for a specific period.

3.3 Following a review of the Council's arrangements for the procurement and management of transport of resources a strategy has been prepared which establishes clear parameters for :

- Vehicle Procurement
- Vehicle Livery
- Economic Life by Type
- Fuel Type and Provision
- Vehicle Maintenance and driver competence
- Record Keeping
- Vehicle Disposal
- Driver Training
- Accident Monitoring
- Service user involvement and satisfaction

Key features of the strategy

3.4 A proportion of the vehicles operated by the Street Scene service are leased and this is due to expire in April 2010. A thorough review of the condition of this part of the fleet has been carried out and it is intended to take up the contractual opportunity to buy these vehicles at a fraction of the original purchase value. This will enable the renewal of the vehicle fleet to be staggered over 3 years. Lincolnshire Procurement have been asked to look into the purchase of refuse collection and street cleansing vehicles by a number of partners across the county to ensure that councils' secure the best possible value for money option in the future.

3.5 The Council's expenditure pattern for replacement of the fleet is detailed in Appendix 2 of the strategy document and summarised in the following table:

2008/9	2009/10	2010/11	2011/12	2012/13
£428,700	£408,500	£953,500	£863,500	£765,000

- 3.6 This expenditure model is based on the economic lifespan of the existing vehicles taking into account known service demands. A summary of the economic lifespan of various types of vehicles are set out in section 4 of the strategy.
- 3.7 The options for procurement will be reviewed on a regular basis in conjunction with the S151 Officer to ensure that the most appropriate and cost effective means are used to finance future acquisitions. It may be possible to lever in external funding from national and regional sources for purchase of vehicles utilising emerging, low carbon technologies. These opportunities will be fully explored when they arise.
- 3.8 The colour of the fleet will be :
- Brunswick Green (recycling and waste)
 - White (tenancy services and miscellaneous vehicles)
 - Black, silver, (pool cars)
- 3.9 Maximum use will also be made of the opportunity to communicate key messages to the community via vehicles as they travel around the district through the use of flexible signage systems where possible.
- 3.10 The current make-up of the fleet by vehicle type is show at Appendix 3 of the strategy. In the past pool cars have been replaced every 3 years and vans generally at 5 years. Large refuse vehicles are planned to be replaced at about 7 years. The cost effectiveness of this approach has been reviewed and revised to deliver lower running costs and offer improved value for money. The current lean systems review of the Responsive Repairs service may lead to a need to alter the type of vehicle required to support the cost effective delivery of the service. This change in specification may impact on the overall cost of each van and hence the HRA capital programme for vehicles replacement.
- 3.11 During 2008/9 expenditure on the pool car fleet was suspended pending the preparation of the Council's Carbon Management Plan and a review of the options available.
- 3.12 Council vehicles currently run on petrol or diesel although the petrol cars are being replaced as part of an upgrade program. The vehicle fleet has been assessed as emitting 2,046 tonnes of carbon on average each year. The Council has set itself a carbon reduction target of 20% by 2013 based on a baseline collated throughout 2008/09, which forms part of the Authorities Carbon Action Plan. At this point in time it is estimated that 24% of the Council's total emissions are from transport and 79% of those are from lorries and heavy vehicles. Pool car and business mileage account for only 2% of the total estimated emissions.
- 3.13 Whilst hybrid and other low carbon technologies are being developed it is intended to standardised the fleet as far as possible on diesel over the short term whilst keeping hybrid development under review particularly for heavier vehicles which currently operate at very low levels of fuel efficiency. If opportunities arise to pilot such technology at reasonable comparable cost these will be explored and decisions made on a case by case basis.
- 3.14 Pool cars will be selected based on whole of life costs taking into account fuel efficiency and carbon dioxide emission levels. Sufficient choice now exists to enable a CO2 upper limit (120g/km) to be imposed for cars and small, general

purpose, vans. Use of this type of vehicle together with advice on environmentally friendly driving techniques should reduce carbon emissions from the pool car fleet by at least the 20% target by 2013.

3.15 The purchase of new pool cars has resumed taking into account the CO2 emission limit. This change has resulted in much improved fuel efficiency and lower road tax payments. This reduction in running costs taken together with the extension of lifespan from 3 to 5 years is estimated to deliver a saving of approximately £186,000 over 5 years and will offset expenditure on carbon management initiatives.

3.16 The approach to vehicle provision and management set out in the strategy will be monitored to ensure that it remains cost effective and meets the operational needs of service users.

3.17 A range of measures will be monitored annually by the Operations and Transport Manager and the overall strategy will be reviewed in 2012.

4. OTHER OPTIONS CONSIDERED

4.1 Consideration has been given to leasing vehicles as an alternative to purchase but at this course in time outright purchase is the best option for the organisation.

5. RESOURCE IMPLICATIONS

5.1 Resource implications are detailed in the body of the report.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

6.1 The principles set out in the strategy will deliver a cost effective solution for a major part of the Council's transport needs based on current service delivery design. In the event that operational demands change it may be necessary to review this strategy to ensure that it remains aligned with service and financial requirements.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

7.1 There are no direct issues arising from this report.

8. CRIME AND DISORDER IMPLICATIONS

8.1 There are no crime and disorder implications arising from this report.

9. COMMENTS OF SECTION 151 OFFICER

9.1 The strategy sets out the framework for the Council's fleet procurement and management. Work has been undertaken in respect of the most appropriate financing options in respect of fleet procurement and the capital programme includes the purchasing of fleet over the next three years. This reflects the fleet management strategy. A financial appraisal including purchasing, capital financing, whole life costs and residual values concludes that vehicle procurement by way of outright purchase, at this time, is the most financially advantageous. This procurement options will be kept under review. The savings identified in respect of the Council's pool car fleet will be incorporated into the revenue budgets for future years.

10. COMMENTS OF MONITORING OFFICER

10.1 Cabinet is asked to adopt the strategy for fleet management as a matter of local choice. As such the draft strategy should be put forward for consultation in accordance with the constitution at page 175, clause 2.4. An explanation of the consultation carried out and the outcome of any consultation should be report to Cabinet confirming any amendments to the strategy to incorporate comments arising from consultation.

12. APPENDICES:

Fleet Management Strategy
Equality Impact Assessment