

Economy & Place Policy Development Committee 24 January 2018

Report of the Assistant Director for Transport, Highways and Environment

CYC Fleet Replacement Review

Summary

1. The Councils fleet procurement is done in conjunction with the procurement team and uses a range of frameworks and contracts to ensure that procurement is compliant with procurement regulations.
2. However, in June 2017 this committee made a range of suggestions to improve the decision making prior to procurement as a result of a presentation on fleet. This report makes proposals for how this could be achieved.

Recommendation

3. The Committee is asked to comment on the proposals contained within the report which will be developed into a firm process for fleet replacement

Reason: To improve the decision making around fleet replacement.

Current Position

4. The Councils fleet is made up of a range of vehicles:

Type	Number
Panel Van	89
Refuse/Recycling Vehicles (LGV)	26
Highways and Drainage (LGV)	25
Cars	20
Busses	19
Small Vans	13
Tippers	11
Others (tractors, forklifts etc)	33

5. They are used by a variety of departments:

Department	Number
Housing	79
Public Realm	39
Highways and Drainage	28
Adult Social Care	28
Waste and Recycling	27
Others	35

6. The fleet is primarily a diesel fleet which is reflective of the age of the fleet. However, the fleet has higher emissions standards than the minimum expected as a result of the age of the vehicle and when the standard became the minimum standard.

Euro Standard	% Fleet Registered since Euro standard introduced	% Fleet Meeting the Standard
Euro 6 – Sept 2015	2%	2%
Euro 5 – Jan 2011	40%	73%
Euro 4 – Jan 2006	14%	10%
Euro 3 – Jan 2001	44%	15%

7. However it should be noted that Euro 5 diesels have a particularly high proportion of primary NO₂ emissions, the main pollutant of concern in the city.
8. Vehicle Procurement is done in conjunction with the Procurement Team and Finance. It is legally compliant with procurement regulations often using frameworks to speed the process of procurement up.
9. That does not mean that the process is rigorous in terms of specification of the fleet requirements. Following the presentation in June a number of suggestions were made at the committee to improve the process of fleet procurement. These are captured in the Proposals below.

Proposal

10. Fleet Replacement is a complex and strategic decision which needs to consider a wide range of factors. However, it should be an integral part of the budget setting process with a long term plan. It needs to take into account the needs of the service and the ongoing life of the vehicle and the impact of maintenance.

11. From an Air Quality perspective it would be beneficial to replace those vehicles which most regularly enter York's Air Quality Management Areas and proposed Clean Air Zone.
12. Recognising that purchase of a vehicle is a significant long investment for the Council and decision making will be driven by Financial Decisions. However, applying One Planet York principles will ensure decision making is better.
13. Before a vehicle is purchased the fleet team will produce a 'Vehicle Usage Report' detailing levels of usage, times and miles, average daily mileage and how many are within York. It will also detail the current annual vehicle cost in terms of any outstanding lease, fuel, maintenance etc.
14. For new vehicles to the fleet the service requesting the vehicle would be expected to work up a 'New Fleet Vehicle Business Case' with the same information as for a replacement vehicle.
15. The fleet team would take the information and prepare an options report looking at the whole life cost of the vehicle and a recommendation. This would include:
 - The purchase price of the vehicles expressed as a write down cost of the vehicle (usually over 5 to 7 years)
 - This would always include a range of fuel options including ultra low emission vehicles such as electric and hybrid vehicles where the market can provide these.
 - By looking at whole life cost and the mileage of usage it would also capture the Vehicle Excise Duty saving implications of alternative fuels and other long term fuel cost savings.
 - The emissions data and therefore the impact on air quality and climate change of the options would be detailed on the sheet.
 - Fuel cost including likely projections of fuel costs in the future
 - Cost to maintain fitters time, parts etc
 - An estimated end of life cost.
 - Availability of any grants to off-set the initial purchase cost of alternatively fuelled vehicles

16. In the same way that for recruitment of staff a Chief Officer and the Service Accountant have to sign off the recruitment, the Chief Officer and the Accountant incurring the cost would be required to sign off the authority to purchase.
17. The current decision of how the vehicles are would consider the likelihood of early disposal needs to be factored into the decision making of how the purchase is financed.
18. The service would also produce for each service a monthly report of their fleet usage.
19. The council fleet is currently a three star member of the ECO Stars fleet recognition scheme, which provides recognition and guidance on operational best practice with an emphasis on reducing emissions and improving air quality in the city. As part of the procurement review and to drive forward operational efficiencies in the CYC fleet, it is proposed to seek advice and further support from the ECO Stars team on low emission vehicle technologies, use of telematics in the fleet and whole lifecycle costings. A re-evaluation of the CYC fleet rating under this scheme is proposed for 2018.
20. The York LES and thirds Air Quality Action Plan both contain commitments to improve emissions from the CYC fleet to help improve air quality in the city. The West Yorkshire authorities have developed low emission vehicle procurement guidance which is helping to drive improved uptake of alternatively fuelled vehicles within these authorities.

Consultation

21. The proposals contained within the report reflect the discussion with other services who are the primary users of fleet. Discussion has also taken place with procurement who support the proposed approach detailed in this report.

Analysis

22. The report captures the options and discussions at the previous committee and workshop.

23. Options that go beyond this are to move the fleet or sections of it towards a single manufacturer which would make maintenance easier, but would pose procurement challenges in terms of achieving value for money, and is therefore not recommended. However, standardising the fit out of vehicles to a limited number will make exchange and sharing of vehicles easier across the fleet.
24. It is recommended that the proposals are supported and that the further options are considered as a next stage.

Council Plan

25. The proposals meet the following priorities in the Council Plan:
 - Increasing the efficiency and performance of the front line services which are the primary users of the fleet
 - Environmental Sustainability underpins everything we do
 - Steps taken to improve air quality
 - Develop a long term plan to increase recycling rates and cut the city's carbon emissions
 - Work towards plans for One Planet living

Implications

26. Financial: The value of fleet purchases varies each year in line with operational requirements. In 2017/18 the value of purchases to date is £710k. Although the budgetary impacts of these purchases have been reviewed, this does not follow a standardised approach ensuring that all impacts have been considered. The development of a formal fleet replacement policy would ensure that both the capital and revenue budgetary impacts are properly considered.
27. There are no HR, Legal, Equalities, Crime & Disorder or other implications associated with the recommendation in this report.

Risk Management

28. Accepting the proposals will reduce the risk the authority faces by its decision making through the fleet replacement process. It will drive better financial management.

Contact Details

Author:

Bill Manby
Head of Highways & Fleet
Tel No. 553233

Chief Officer Responsible for the report:

James Gilchrist
AD Transport, Highways & Environment
Economy & Place
01904 552547

Report Approved **Date** 10 Nov 2017

Specialist Implications Officer(s)

Financial:

Name: Patrick Looker
Tel No. 01904 551633

Wards Affected: List wards or tick box to indicate all **All**



For further information please contact the author of the report