

Report to the Cabinet

Report reference: C-102-2009/10

Date of meeting: 9 March 2009.



**Epping Forest
District Council**

Portfolio: Housing

Subject: Replacement Vehicles and Truck Conversions 2009/10, for the Building Maintenance Section.

Responsible Officer: Paul Pledger (01992 564248).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the Council's Building Maintenance Section outright purchase, through the Essex Procurement Hub Framework Agreement, three new fleet vehicles as replacements for Fleet Nos: H 434, H 435 and H 439 at a total cost of £32,776 plus around £2,700 for livery and other accessories;
- (2) That two existing trucks, Fleet Nos: H 487 and H 488 each be converted from a heavier steel body to a lighter aluminium body, cage and platform tail lift for the purpose of operational efficiency at a total cost of £17,354; and
- (3) That Contract Standing Order C3(2) be waived in respect of seeking at least 3 quotations for contract values between £15,001 and £25,000 due to the specialist nature of the vehicle conversion work.

Executive Summary:

On an annual basis, it is necessary to assess the quality and reliability of the Council's fleet vehicles used by the Building Maintenance Works Unit. This year, it has been identified that three vehicles are in need of renewal. However, in addition, in order to generate savings to the Council and to improve efficiency, it is proposed to adapt two further vehicles that are used to collect and transport waste so that they can transport a greater payload, thus reducing waste disposal costs and other associated costs.

Reasons for Proposed Decision:

To replace three old vehicles which have considerable mileage and are becoming uneconomic to maintain. To improve the specification of two trucks thereby enabling higher performance levels and cost savings associated with waste removal and disposal.

Other Options for Action:

New Vehicles: The option to lease as opposed to outright purchase of new vehicles has in the past been considered by Building Maintenance. This was reviewed by the former Direct Services Board (DSB), who after investigation and cost comparison, were of the opinion that Capital Purchase was preferable. Building Maintenance has always followed this policy and the entire fleet of 32 vehicles is in the ownership of the council. There has been no significant

financial or operational incentive in the interim to warrant a change of direction.

Truck Conversions: The service operates with three 3.5 tonne open back trucks with tail lift and tipping facility. They are all approximately 4 years old and are used for rubbish removal and void property clearance. Current weight restrictions are significantly reducing payload with resultant additional costs. The purchase of replacement alternative vehicles was considered but was rejected on the grounds of cost and the imposition of "O" license restrictions which the Council no longer has. (See report)

Report:

1. In accordance with the usual Building Maintenance practice, as agreed by the former DSB, to replace vehicles as and when required by Capital Financing, approval is required for the outright purchase of three replacement vehicles and two truck conversions. These vehicles will replace Fleet Nos: H 434, 435 and 439, details of which are provided below.

2. It is current policy to provide a cash-limited capital allowance of £50,000 per annum for the Building Maintenance vehicle replacement programme. There is at present an underspend under this budget heading from previous years acquisitions of £5,000. Subject to the approval of this Capital Finance being made available, in addition to the carrying forward of previous years underspend, there would be a balance for new vehicles and conversions during 2009/10 of £55,000.

Vehicles to be Replaced

3. The following vehicles are proposed to be replaced:

- (a) Fleet No. H 434 (S457 RNE) LDV Truck, First Registration 14/08/98 Mileage 82,000;
- (b) Fleet No. H 435 (S559 SDB) LDV Truck, First Registration 21/01/98 Mileage 55,000; and
- (c) Fleet No. H 439 (X426 HLR) LDV Convoy, First Registration 6/02/01 Mileage 90,000 (*has pre used engine fitted, removed from a written off vehicle set aside for spare parts. Approximate mileage*).

Proposed Acquisitions

4. The following vehicles are proposed to be purchased:

- (a) 1 x Transit Connect SWB 200 L 75PS @ **£8,339**;
- (b) 1 x Transit Medium Roof/SWB 280 2.2 85PS @ **£11,190**; and
- (c) 1 x Transit Medium Roof/SWB 330 2.4 100PS @ **£13,247**.

5. As can be seen that the average age of these vehicles is nearly 10 years, which is considered as a good working life for a light commercial vehicle. They also have relatively high recorded mileages. The external condition of these vehicles is commensurate with their age and do not have an appearance that adequately represents the profile of this council.

6. By using the Framework Agreement as operated by Essex Hub on behalf of participating authorities, the lowest quotation received was from Dagenham Motors in the sum of £32,776. This sum excludes VAT but takes account of all appropriate discounts available. In addition to this there is a need to have all three vehicles boarded out, roof racks

fitted, tracker devices transferred and livery applied. Previous experience suggests that this will cost approximately £900 per vehicle, which will be offset by the receipts from the sale of the vehicles identified for disposal estimated at around £3,000.

7. For information members should be advised that in all probability acquisitions for the next financial year, 2010/11, are unlikely to be required. This primarily is due to a managed reduction in the size of the directly employed craft worker establishment, as agreed by the Cabinet at its meeting in April 2008, which will result in due course to less vehicles being required. As staff numbers decline the remaining older less economic vehicles on the fleet will be disposed of.

Summary of Revenue Costs:

8. The Director of Finance has compared the cost differences of Capital Purchases compared to Operating Leases. The outcome is as follows:

	Total Costs	NPV	Annual Costs	NPV
Funded from capital :	26,126	26,656	(Best Option) 3,732.29	3,808.04
Operating Lease:	33,587	28,798	4,798.08	4114,05

Assumes residual value of £6,650 at end of seven-year period.

By adopting the Capital Purchasing option there is an annual saving over the leasing costs of £1,066, or £7,461 over a seven-year period.

9. It should be taken into account that the cost comparisons are set against a proposed seven-year lease arrangement, after which the vehicles are returned to the leasing company. In the case of Building Maintenance the average life span of a fleet vehicle is around 9 years, resulting in an additional 2 or 3 years use at minimal cost when Capital Purchasing is undertaken.

Truck Conversions:

10. The service operates with three 3.5 tonne open back trucks, fitted with caged sides, tail lift and tipping facility. All are in relatively good condition, but weight restrictions due in some part to these fitments, has resulted in a reduced payload of approximately 500kg. Due to the potential to overload weight limiters have recently been fitted to ensure no infringement of the law.

11. Minimum waste disposal costs (£65 per 1000kg) apply at the tip. Additional expenditure is being incurred due to lost time by staff and unnecessary expense is resulting due to making more trips than potentially is required.

12. Consideration has been given to purchasing larger vehicles to increase the weight capacity. However, any vehicle above the size of those currently being used would require the council to obtain an Operators Licence. The council originally did have a Licence but this was allowed to lapse as the size of the fleet diminished and services were awarded to the private sector. It is not considered practicable to apply for a new licence now for just a few vehicles. A successful applications would necessitate a member of staff to hold a Certificate of Professional Competence (CPC), the size of the vehicles would preclude our carrying out MOT's in house, parking would not be permitted in Epping Town Depot and increased vehicle inspections would be carried out by the Vehicle & Operator Service Agency (VOSA).

13. As an alternative, quotations have been obtained to remove the current steel caging to the rear and heavy-duty tail lift leaving the existing sub frame and power pack in place.

This would be replaced with an all welded aluminium body, aluminium cage and aluminium platform tail lift. This conversion would give a gain in payload of approximately 370kg, in addition to the corrosion free aspect of using aluminium. Costs per vehicle would be £8,677 (excludes VAT)

14. If these adaptations were carried out, it would be possible to increase the payload of the vehicles. Over the last 2 months there have been 89 trips to the waste disposal site at a cost of £65 per trip. With the increased payload, it would be possible to reduce the number of trips to around 52 trips every 2 months, which equates to a saving of £2,405. Annually, this would amount to £14,430, which excludes savings from fuel, wear and tear on the vehicle and staff time.

15. Furthermore, the possibility exists in the future at a time when the vehicles are due for replacement, these proposed bodies will, subject to the type of vehicle chosen, transfer to a new sub frame, achieving considerable savings at the time.

Resource Implications:

Total cost for the acquisition of three proposed new vehicles and two truck conversions is £50,130 (excludes VAT), to be funded from newly approved Capital Financing of £50,000 and carry forward underspend of £5,000 accrued from previous years.

Legal and Governance Implications:

None.

Safer, Cleaner and Greener Implications:

Reduced number of vehicle movements to and from waste disposal tip.

Consultation Undertaken:

Building Maintenance Staff, Fleet Operations Transport Manager, Various Transport Companies and others who have knowledge of waste disposal in connection with Local Authorities.

Background Papers:

None.

Impact Assessments:

None.