

Project title - Vehicle & Plant Replacement Programme

1. Introduction

The Council wishes to purchase 15 refuse collection vehicles for the collection of household waste, co-mingled recyclables and green waste from residents within the city of Plymouth. It also collects trade waste from non-residential premises. The Vehicle types and the number of each required are as follows:

Type 1: (4x2 Standard width chassis/body RCV 12t / 13t)	5 vehicles
Type 2: (6x2 Rear steer narrow track chassis/body RCV 24t) 3 in 1 lift	7 vehicles
Type 3: (6x2 Mid lift narrow track chassis/body RCV 22t)	3 vehicles

2. Background

The Council utilises a fleet of approximately 350 vehicles. The value of vehicles, plant and specialist equipment currently used by the council is around £10 million. The lack of a rolling annual replacement program means many services are operating old and worn fleet. This puts an increased budget pressure on repair and maintenance costs as well as driving the need to 'spot hire' replacement vehicles whilst repairs are undertaken. Many of the vehicles are leased or on hire agreements whilst paying short term rates. A review was undertaken by Price Waterhouse Coopers in 2007 and although the recommendation was accepted to implement a five year rolling vehicle replacement program to address the inefficiencies and effects on aging fleet, the budget pressures on capital and revenue accounts restricted progress. The situation has now become untenable due to the age and cost of the Vehicle & Plant Items. A strategic approach has been taken to analyse the fleet and determine the most cost effective solution to resolving the current state of vehicles, plant and equipment. Any initial investment targets expensive spot hire arrangements and determines the lease v purchase options. Furthermore, vehicles have been clustered into services so that decisions about vehicle replacement can be taken along side any transformation or service delivery review of services. This reduces the risk of decisions about vehicles, plant and isolation in isolation of the wider services they are used to support.

There will be four phases to this strategic approach.

- Phase I Refuse Vehicles (Waste Service)
- Phase II Minibuses (CYP, ASC and Schools Services)
- Phase III Plant & Equipment (Street Cleansing and Parks)
- Phase IV Other dilapidated or expensive Vehicles (various Services)

The review for Phase 1 was concluded and revealed that the most cost effective solution was the outright purchase of the required vehicles rather than pursuing a lease option. See paragraph 4. Financial information below.

Accordingly a procurement exercise was undertaken utilising the Framework Agreement of the Eastern Shires Purchasing Organisation

3. Risks

The evaluation team are aware that delays in delivery will have the biggest impact on the Council as it will require ongoing hire or lease of vehicles. Contract management and close working with the chosen suppliers will minimise any potential for delay

4. Financial information:

We have explored whether to Hire, Lease or Purchase Vehicles. The most economical option currently is to purchase outright based on the advice given by the Council's leasing advisors Sector. A further review into leasing will be completed by Arlingclose to test check professional advice. The difference in cost between leasing and purchasing is minimal and the deciding factors being the residual value of the sale of the asset at the end of 5 years.

An estimated £565,000 saving over 5 years This will be made from reduced costs associated with short term hire. There will also be a saving of 100% of residual value retained after 5 years equivalent to £214,000n investment of £1.996m would achieve savings of £0.715m over a five year period.

An investment of £1.996m would achieve savings of £0.715m over a five year period. This total cost is within the amount approved by Full Council on the 10th October for the purchase of replacement refuse collection vehicles which was set at £2.135million.