

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>12 MARCH 2025</b>
<b>Report Title:</b>	<b>FLEET REPLACEMENT PROGRAMME</b>
<b>Report Owner / Corporate Director:</b>	<b>CORPORATE DIRECTOR - COMMUNITIES CORPORATE DIRECTOR CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>ZAK SHELL HEAD OF OPERATIONS – COMMUNITY SERVICES</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect upon policy framework or procedure rules</b>
<b>Executive Summary:</b>	<p>The Council has a fleet of 186 vehicles across all of its services from social care to highway maintenance, in addition to plant and equipment that comprises the council fleet. As vehicles and plant come to the end of their operational life cycle, planning and procurement for their replacement takes place.</p> <p>In June 2024 the fleet allocation for replacement vehicles/plant in the capital programme was assigned to the part procurement of vehicles for the Council's outsourced waste management contract.</p> <p>However, no replacement capital allocation has to date been included in the capital programme to permit the continuation of planned replacement of existing council fleet.</p> <p>Without an allocation, replacement vehicles cannot be purchased, although revenue for the repayment of any capital borrowing is available and allocated within departmental budgets.</p> <p>Therefore, this report seeks approval from Council of the inclusion of a capital budget in the capital programme to recommence fleet replacement.</p>

## 1. Purpose of Report

- 1.1 The purpose of this report is to outline the proposed costs for the replacement of existing council fleet for inclusion in the Capital Programme. It identifies the types of

vehicles and items of plant and equipment that are scheduled for replacement which are age expired and need to be replaced for operational expediency.

- 1.2 The report also seeks agreement from Council to approve a capital budget of £1.2 million for inclusion in the capital programme to accommodate the Council's requirements for fleet replacement, which is to be funded from prudential borrowing, and met from service department revenue budgets.

## **2. Background**

- 2.1 Fleet services has a programme for the procurement, management and disposal of Council owned fleet vehicles, plant, and equipment. The Fleet Replacement Programme (FRP) details when council owned vehicle assets should be replaced to maximise both the vehicle economic life expectancy as well as a return on its resale within the marketplace.
- 2.2 In June 2024 the remaining fleet allocation for replacement vehicles in the capital programme was assigned to the part procurement of vehicles for the Council's outsourced waste management contract. However, no replacement capital allocation has to date been included in the capital programme to permit the planned replacement of existing council vehicles.
- 2.4 Without an allocation, replacement vehicles cannot be purchased, although revenue for the repayment of any capital borrowing is available and allocated within departmental budgets. Departments will risk having to now support either more expensive hiring of plant and vehicles to replace age expired items or incur additional costs of maintenance of increasingly less reliable existing fleet until a capital allocation can be approved.
- 2.5 Approval of a capital budget, to be repaid via prudential borrowing, will allow the Fleet Department to recommence its programme of replacing /procuring the Council's fleet of vehicles, plant and equipment, ensuring it delivers where possible, ultra-low emission vehicles (ULEV) and plant. Where not possible or practical, the aim will be providing a low emission fleet to all council services, by purchasing the cleanest fuel-efficient vehicles available where ULEV is not currently a viable option.
- 2.6 The continuation of the planned replacements as part of the Fleet Replacement Programme will ensure the maintenance and expenditure on vehicles will be kept to a minimum, whilst allowing us to maximise re-sale values of assets to be disposed of. Renewal of the fleet will ensure optimal service delivery for all council services by reducing the amount of downtime required for maintaining older vehicles.
- 2.7 As part of the vehicle replacement programme, vehicle utilisation and requirements are reviewed by the Fleet manager, with service users, to ensure that only appropriate vehicles and plant are procured that is suited to each user area to assist them in the best delivery of their services.
- 2.8 In order to ensure that appropriate fleet is being procured, consultation with service managers also includes a review of future service developments, reductions or constraints which would affect future vehicle requirements, with alternatives and

options proposed subject to analysis of the service needs and fit within available budgets.

- 2.9 Risks to the Council of the current position continuing is an increase in maintenance cost and of vehicle down time by continuing to extend the current fleet life, resulting in a reduction in vehicle availability to the services and their operations. There will also be an increase in costs to the authority with a greater need to hire additional vehicles to cover vehicle outages whilst under repair or until a replacement vehicle can be procured once a capital budget allocation has been provided.
- 2.10 A further factor in respect of reliance on hire vehicles over a prolonged period is the potential higher revenue costs to account for hire company profit margin, repair of vehicles prior to return and the ability of the authority to regain a resale value. Therefore, it is considered more cost effective to acquire plant and vehicles through purchase.

### **3. Current situation / proposal**

- 3.1 Due to the reallocation of capital funding to the procurement of waste fleet in June 2024 the programme for general vehicle replacement had to be temporarily halted, and this is starting to lead to issues in vehicle and plant reliability as the backlog of vehicles due for replacement increases.
- 3.2 31 of the 186 vehicles in the BCBC fleet are now identified as needing to be replaced alongside replacement plant and equipment during 2025-26 at a cost of circa £1.2m. Council approval of capital to procure these vehicles via prudential borrowing will enable temporary vehicles to be off-hired or age expired vehicles replaced where appropriate.
- 3.3 Funding to repay the prudential borrowing for replacement vehicles is already included within departmental revenue budgets. Therefore, the capital approval is not seeking any additional revenue funding, but is simply securing the approval so that operational plant and vehicles can be replaced through purchase, otherwise there will continue to be increased cost exposure of operating older vehicles for the reasons set out above.
- 3.4 The requirement for vehicles/plant currently awaiting renewal crosses multiple departments including Social Services and Wellbeing, Corporate Landlord, Bereavement Services, Green Spaces, and Highway Services .

Types of fleet needing replacement include various vehicles and items of plant. The following is indicative of the fleet required but may be subject to change through operational expediencies, verification of costs and final specifications.

- 1 Telehandler, circa £80,000 – Highways
- 2 Boxer vans £60,000 - Highways and Green Spaces
- 15 Custom Vans £480,000 Building Maintenance and Grounds Maintenance
- 6 Tippers £220,000 – Highways and Grounds Maintenance
- 9 Small vans/vehicles £240,000 – Green spaces – Highways Maintenance – Building Maintenance, Social Services

- Plant trailers, road resurfacing plant and equipment £120,000

3.5 It is proposed that Council approve the inclusion of a £1.2 million capital budget in the capital programme for replacement of existing council fleet, funded from prudential borrowing.

3.6 In respect of the review of fleet provision, officers are also proposing to review the ongoing provision of fleet in terms of ongoing effective and efficient use of fleet, fleet management arrangements along with a review of fleet maintenance arrangements via the partnership working with South Wales Police. This review will be subject to a separate report.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty, and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. This is an information report; therefore, it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

#### **6. Climate Change Implications**

6.1 Where the introduction of ULEV alternative vehicles to support the council's decarbonization programme is viable from a cost and operational perspective this will be undertaken.

#### **7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding and corporate parent implications from this report.

#### **8. Financial Implications**

8.1 The proposal will require a capital budget of £1.2 million to be included in the capital budget, funded from prudential borrowing. The revenue costs of borrowing will be met from existing service department revenue budgets.

8.2 Associated operational costs of the vehicles will also be funded from existing service department revenue budgets.

## **9. Recommendation**

9.1 It is recommended that Council approves a capital budget of £1.2 million be included in the capital programme, to be funded from prudential borrowing, to enable the Fleet Replacement Programme to continue.

## **Background documents**

None