

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme Committee
DATE	12 September 2018
REPORT TITLE	Fleet Replacement Programme
REPORT NUMBER	OPE/18/002
DIRECTOR	Steve Whyte
CHIEF OFFICER	Mark Reilly
REPORT AUTHOR	William Whyte
TERMS OF REFERENCE	1.1, 1.3.

1. PURPOSE OF REPORT

The report provides members with an update on the progress of the Fleet Replacement Programme for 2016/2017 and 2017/2018.

The report also provides updates on Capital Expenditure projects carried out by Fleet Services over the last Financial Year.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the progress made in delivering the Fleet Replacement Programme 2016/17 and 2017/18.
- 2.2 Notes the progress made on the following as per the CHI/16/318 report agreed on January 24th 2017:
 - Procurement of Tyre Management service provision
 - Telematics System trial
 - Fuel Bunkering System & Fuel Management System procurement
 - Fleet Management System procurement
 - Development of Fuel Cell Joint Undertaking (FCHJU)
 - Introduction of additional Hydrogen Vehicles
- 2.3 Approve the continuation of the Fleet Replacement Programme for 2018/19.

3. BACKGROUND

3.1 Fleet Replacement Programme 2016/17 & 2017/18

3.1.1 In financial year 2016/17 & 2017/18 the vehicles purchased and their cost were:

Vehicle	Cost
<u>2016/17</u>	
3 large sweepers	£423k
1 gulley tanker	£128k
2 cars	£25.6k
<u>2017/18</u>	
1 white lining vehicle	£174k
12 refuse collection vehicles	£1.8m

Previously approved procurement exercises for vehicle replacements originally scheduled for 2016/17 & 2017/18 are still in progress. The originally estimated cost for these exercises was £4.45m, which is incorporated in the existing capital budget for Fleet Replacement.

3.2 Fleet Replacement Programme 2018/19

3.2.1 The number of vehicles planned to be purchased in financial year 2018/2019 is 25. The estimated cost required for fleet replacements in financial year 2018/2019 is £1.0m. This consists of various vehicle types such as small/ medium vans/mini buses and LGV. The details of these are included in the procurement workplan to be discussed at the Strategic Commissioning Committee on 13 September 2018.

3.3 Tyre Management Service Procurement

3.3.1 Following a procurement exercise a new supplier of tyre management was implemented in April 2017, the results in the first year showed a reduction in the tyre budget spend of £36k.

3.4 Telematics System Trial

3.4.1 Telematics technology was trialled over a 15-month period with 6 suppliers, 4 of the which have supplied data analysis. Thus far it appears evident that the application of such systems has indicated instances of under fleet utilisation, high idling time and poor driver/vehicle behaviours.

3.4.2 Implementation of telematics would result in a reduction in spend on fuel, tyres, wear and tear and increase utilisation of fleet vehicles. These fleet management benefits are long term and should lead to a reduction in the size of the Fleet. A business case with “spend to save” justification will be prepared.

3.5 Fuel Bunkering & Fuel Management Systems

3.5.1 The purchasing of Fuel Bunkering and Fleet Management Systems have been completed and are now in place at Kittybrewster and Altens East Depots. These were fully operational by the end of January 2017 and to date are working successfully.

3.5.2 Fleet Services will investigate other Council depots within the city area to implement the Fuel Management System. This would be a “spend to save” comparing the purchase price of fuel to the ongoing fluctuating fuel pump price. Details will be captured by the relevant corporate programme.

3.6 Fleet Management System Procurement

3.6.1 The Fleet Management system has been subject to review in conjunction with ICT who have confirmed the need for change. A business case is being progressed to replace the current system.

3.7 Development of Fuel Cell Joint Undertaking (FCHJU)

3.7.1 The bid to the Fuel Cell Joint Undertaking was unsuccessful, however the partnership of transnational partner is now in the process of submitting a similar bid for Hydrogen Refuse trucks to the North West Programme which has a better funding percentage.

3.8 Introduction of Additional Hydrogen Vehicles

3.8.1 In January 2017, Communities, Housing & Infrastructure committee approved for the service to develop further alternative fuelled vehicles within the Council’s Fleet. Working in partnership with the external funding team resulted in Aberdeen City Council converting a large mechanical sweeper vehicle to Hydrogen/Diesel in January 2018 and 2 new refuse collection 26 tonne vehicles were converted by June 2018.

4. FINANCIAL IMPLICATIONS

4.1 The current budget profile for the Fleet Replacement Programme for financial years 2017/18 to 2021/22 totals £19.660 million. This is a rolling programme and will be assessed annually as part of the council’s budget setting process. Review of current replacement requirements indicates that this budget will be sufficient.

4.2 The vans and LGV vehicles included in this plan are overdue for replacement. Due to the age profile and condition of these vehicles their replacement will have a positive impact on ongoing maintenance costs and reduce the requirement to hire other vehicles.

5. LEGAL IMPLICATIONS

- 5.1 Vans and LGV vehicles which have exceeded their planned replacement date require to be considered for replacement. If these vehicles continue to be operated then this could result in the revocation of the council's Operator's Licence. The Operator's Licence is a Statutory Requirement for the council's fleet.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Impact on the Revenue Budget for temporary hire of other vehicles and ongoing maintenance.	(M)	Continued investment in the Fleet Replacement Programme will reduce the need to hire other vehicles and will reduce ongoing maintenance costs required for older vehicles.
Legal	Revocation of Operator's Licence.	(H)	Continued investment in the Fleet Replacement Programme reduces the risk of failure to comply with the requirements of the Operator's Licence.
Employee	No significant risk.	(L)	
Customer	All Services.	(L)	Non-replacement of vehicles and plant could impact on the ability of services to carry out their public duties.
Environment	No significant risk.	(L)	Replacement Programme will reduce emissions from older inefficient vehicles.
Technology	No significant risk.	(L)	
Reputational	Reputational damage from loss of Operator's Licence.	(M)	Fleet Replacement Programme will enable the council to continue to meet the requirements of Operator's Licence.

7. OUTCOMES

Local Outcome Improvement Plan Themes
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	Impact of Report
Prosperous Economy	Investments in vehicles and equipment asset management will ensure fit for purpose council services, which benefit the wider economy of Aberdeen.
Prosperous People	Investment in vehicles and equipment will enhance staff experiences, with improvements in productive time for services.
Prosperous Place	Aberdeen City Council is committed to reducing carbon emissions both within its operations and across the city as part of Powering Aberdeen. Reducing emissions from transport remains a challenge as it involves the need for behaviour change either in relation to changing method of transport or moving to the use of new and unfamiliar vehicle technology such as electric or hydrogen vehicles.
Enabling Technology	Implementation of Telematics would result in a reduction in spend on fuel, tyres, wear and tear and increase utilisation of fleet vehicles. These fleet management benefits are long term and should lead to a reduction of the required number of fleet vehicles.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Will reduce vehicle downtime enabling services to deliver continuously.
Organisational Design	No Impact.
Governance	No Impact.
Workforce	No Impact.
Process Design	Will enable services to deliver their objectives with newer and thus more reliable vehicles and plant.
Technology	Newer vehicles will be equipped with modern technology to enable better management through digitisation.
Partnerships and Alliances	No Impact.

8. IMPACT ASSESSMENTS

Assessment	Outcome
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Equality & Human Rights Impact Assessment	Full EHRIA not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

CHI/16/318 Fleet - Capital Programme Spend

10. APPENDICES (if applicable)

Appendix A - Fleet Purchases/Sales Data from 23rd January 2017

Appendix B - Fleet Replacements for year 2018 / 2019

11. REPORT AUTHOR CONTACT DETAILS

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