

**Report To: Policy and Resources Committee**

**Date: 16 June 2009**

**Report By: Corporate Director Environment &  
Community Protection**

**Report No: ECP/ENV/AB09.13**

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**Subject: Vehicle, Plant and Equipment Efficiency Review**

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## **1.0 PURPOSE**

1.1 To report to Committee the outcome of the Vehicle, Plant and Equipment Efficiency Review.

## **2.0 SUMMARY**

2.1 The Vehicle, Plant and Equipment Efficiency Review has identified the need for modernisation and efficiencies within the Council's Transport Operations.

2.2 The Review has carried out an options appraisal on the provision of Vehicle, Plant and Equipment Management, Procurement and Maintenance.

2.3 The Review has considered options on a Vehicle, Plant and Equipment Replacement Cycle Policy.

2.4 As part of the Modernising and Efficiency Programme and to address the outstanding recommendations of the Internal Audit Progress Report to the Audit Committee on 18 March 2008, a Fleet Management System Business Case forms part of the Review.

2.5 To optimise and review ongoing efficiencies in fleet usage, the Review addresses the need for a Vehicle Tracking System.

2.6 A comprehensive review of existing funding and generated funding through efficiencies and savings forms part of the Vehicle, Plant and Equipment Efficiency Review. The resultant model will now form part of the Finance Strategy and be reported to Committee every 6 months.

## **3.0 RECOMMENDATIONS**

3.1 That the Committee approve the Vehicle, Plant and Equipment Efficiency Review.

3.2 That the Committee approve the Vehicle, Plant and Equipment Replacement Policy of 5 and 7 year cycles, subject to the vehicle/plant category.

3.3 That the Committee approve the Fleet Management System Business Case including procurement.

3.4 That the Committee approve the procurement of a Vehicle Tracking System in principle subject to the preparation of a Business Case.

3.5 That the Committee approve the proposed funding model including investment of £7.0 million between 2009 and 2014 for the Vehicle, Plant and Equipment Replacement Programme and for the funding of the cyclic replacement programme thereafter.

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- 3.6 That delegated authority is given to the Chief Executive to vary the replacement cycle should there be a sound financial or operational need to do so, and provided costs can be contained in the approved funding model.
  - 3.7 That the Committee approve, subject to the limitations of Scotland Excel's contracts, the use of other Local Government Framework contracts for the procurement of Vehicles, Plant and Equipment provided Best Value can be demonstrated.
  - 3.8 That the Committee approve the procurement of nearly new or used vehicles, plant and equipment where it is demonstrated that there are significant financial advantages to the Council with minimum risk to quality and warranty.

**Neil Graham**  
**Corporate Director**  
**Environment & Community Protection**

## **4.0 BACKGROUND**

4.1 A key objective of the Environment and Community Protection Directorate Plan was to carry out a Vehicle, Plant and Equipment Efficiency Review which would include the management, procurement and provision of maintenance to the Council's Vehicles, Plant and Equipment.

4.2 The Review was based on the Scottish Executive's guidance on conducting Efficiency Reviews. Attachment 1 details a systematic evaluation of the process including a summary of options considered and the conclusions of the Review.

4.3 Key outcomes of the Efficiency Review are as listed below:

- To identify a preferred Management, Procurement and Maintenance Policy
- To establish a Vehicle, Plant and Equipment Replacement Policy
- The provision of a Fleet Management System
- The provision of a Vehicle Tracking System
- To establish a Fleet Charging Model
- To agree a Procurement Funding Model

4.4 Management, Procurement and Maintenance

An options appraisal and evaluation was carried out on the procurement and maintenance of the Council's Fleet of Vehicles, Plant and Equipment. The outcome of the evaluation, as detailed in Attachment 1, supports the Outright Purchase and In-house Maintenance option as providing the greatest economies, least risk and Best Value to the Council.

4.5 Vehicle, Plant and Equipment Replacement Cycles

An options appraisal was carried out on the replacement cycles. 3, 5 and 7 year replacement cycles were compared to a 5 and 7 year replacement cycle. The appraisal, as detailed in Attachment 1, concluded that a 5 and 7 year option was the most economically advantageous.

It is proposed to review the efficiencies and the replacement cycle within 3 years after the Fleet Management System and the Vehicle Tracking System have been embedded and the output data from these systems has been analysed. A further report will be submitted to Committee should an alternative Replacement Cycle option, at that time, prove to be financially advantageous to the Council.

It is also recommended that should there be a good financial or operational reason to extend or shorten a particular type of vehicle or plant's replacement cycle then delegated authority be given to the Chief Executive to approve this subject to the availability of finance within the approved Financial Model.

4.6 Fleet Management System

As part of the Modernising and Efficiency Programme, it has been identified that there is a need to purchase a Fleet Management System for the Council's Transport Assets.

The need for a single, dedicated Fleet Management System to record and monitor operational activities was again highlighted by the Chief Internal Auditor at the Audit Committee 18 March 2008. Agenda Item 5, Internal Audit Progress Report 10 Dec 2007 to 22 Feb 2008.

Testing the market has indicated that the software costs involved are likely to be in the

region of £25K.

In addition to this we project approx £3K per annum Maintenance costs and a one off cost of £5K for a dedicated Server depending on tender response to functional specification requirements.

Benefits include:

- The Fleet Management System will replace a number of unsupported legacy Lotus Approach databases. These databases are not linked making the production of reports laborious and time consuming. Lotus is also no longer supported or backed-up by ICT and therefore presents a significant risk to the Council.
- The System will be used to facilitate a new charging mechanism to be implemented based on a recovery of costs model.
- Improved management information and monitoring of performance which will lead to better workforce planning.
- Improved data quality will be achieved by gathering information at source and having it easily available to all concerned.
- Fleet Management is an area which relies heavily on data analysis. At present Inverclyde Council does not fully participate in the Association for Public Service Excellence (APSE) performance networks. Participation would allow the Service to benchmark against other local authorities and gauge its performance delivery. All reports, (including 27 that we currently cannot generate due to system limitations) will be produced by existing personnel.

It is critical to the modernisation of not only Fleet Management but also Fleet Procurement and Maintenance that a Fleet Management System Software package is procured.

A Business Case has been developed for the procurement of a Fleet Management System which is detailed in Appendix 7 of Attachment 1.

#### 4.7 Vehicle Tracking System

A Vehicle Tracking System is a powerful and proven management tool that can provide the Service with information that is significant in producing cost savings, greater efficiencies and ultimately Best Value.

Key outcomes of a Vehicle Tracking System include:

- More efficient use of vehicles, plant and equipment
- Improved productivity
- Reduced running costs and fuel consumption
- Improved lone-worker safety
- Potentially reduced insurance premiums

Details of the Vehicle Tracking System are included in Appendix 5 of Attachment 1

The financials for any new Vehicle Tracking System will be defined in detail at the conclusion of the Tender process, although outline estimates have been provided in Attachment 1.

#### 4.8 Charging Model

The Charging Model, based on vehicle weightings, proposes a Fixed Monthly Charge which includes a Fleet Management Charge and a Fleet Maintenance Charge for routine servicing.

The advantage of this Charging Model is that it provides Service users with a fixed cost

up front to operate each of their vehicles etc on an annual basis and to budget accordingly. It also gives them the opportunity of reviewing their transport requirements and aligning them with their Service provision and available budget.

Non-routine maintenance, accident damage (not covered by insurance), vehicle abuse etc are not included in the above and will be charged in addition to the annual charge. As part of the funding model it is anticipated that significant savings can be made from non-routine maintenance budgets due to the provision of a modern and efficient transport fleet. The model assumes a year on year reduction in Services non-routine maintenance budgets as follows: £60,000 (10/11), £90,000 (11/12), £160,000 (12/13).

Details of the typical annual cost of vehicles etc., including the full capital cost recovery, are detailed in page 26 of Attachment 1.

#### 4.9 Procurement Funding Model

Funding of the Vehicle Replacement Programme is largely generated from a number of funding streams including existing hire budgets, vehicle reserve funds, existing loan charges funding and Service efficiencies.

A spreadsheet detailing the overall funding package can be found on page 19 of Attachment 1.

Committee are asked to note that after initial pump priming of the Vehicle Replacement Programme it will be essentially self financing through existing funding and the efficiencies identified.

#### 4.10 Further Efficiency Considerations

It is proposed to review the route scheduling of the transport used by all Services within the Council. Discussions have taken place with Strathclyde Partnership for Transport (SPT) who are willing to process, through their route scheduling software, data provided by the Council and to provide an analyse of the results and recommendations on any efficiencies identified.

At present a Depot Rationalisation project is being developed and it is anticipated that further efficiency savings can be expected through the consolidation of depots and the workforce which, in turn, will compliment the efficiencies already identified in this Review.

#### 4.11 Due to the current economic downturn there is the opportunity for the Council to procure ex-hire Plant and Equipment which has had limited use and has been heavily discounted from its original purchase price. It is recommended that this opportunity is explored and provided there are significant financial advantages with limited risk to the quality and warranty of the Plant and equipment then this should be pursued.

## 5.0 FINANCIAL IMPLICATIONS

### 5.1 Financial Implications – One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Capital (Prudential Funding)	Vehicle Replacement	2009/10 – 2012/13	£6,158,000	n/a	Spend per 5yr/7yr cycle, will increase by £850,000 in future cycles.
Capital	Capital Receipts	2009/10 - 2012/13	£(1,034,000)	n/a	Receipts per 5yr/7yr cycle
Reserves	Economic Downturn	2009/10	£850,000	n/a	Initial cycle only
02119	Vehicle Reserve	2009/10	£30,000	n/a	Fleet Management System and dedicated server

### 5.2 Financial Implications – Annually Recurring Costs/(Savings)

Cost Centre	Budget Heading	With Effect From	Annual Net Impact	Virement From (if applicable)	Other Comments
02119	Vehicle Reserve	2009/10	£(58,000) rising to £(88,000)	Loan Charges	The Vehicle Reserve along with the various savings made through purchase of the new fleet will be vired to Loan Charges and along with existing provision will fund the net Capital Expenditure highlighted above. (see Attachment 1 page 19)
Various	Vehicle Maintenance	2010/11	£(193,000)	Loan Charges	
Various	Vehicle/Plant Hires	2010/11	£(265,000)	Loan Charges	
Various	Service Savings	2010/11	£(60,000) rising to £(160,000) by 2012/13	Loan Charges	
Various	Vehicle Maintenance	2009/10	£3,000	n/a	Contained within charges to Services.

### 5.3 The Vehicle etc. replacement Funding Model will form part of the Financial Strategy and be reviewed and reported to Committee every 6 months.

## **6.0 CONSULTATION**

- 6.1 The Vehicle, Plant and Equipment Efficiency Review has been developed in conjunction with Finance Services.
- 6.2 The Head of Legal & Administration has been consulted on this report. Any procurement will be carried out in accordance with the EU Procurement Regulations and the Council's Standing Orders with legal issues being referred to Legal & Administration as appropriate.
- 6.3 It is anticipated that as the Council's existing Fleet is replaced that there will be a reduction in the number of personnel required to service and maintain these assets. Any reduction in personnel will be done in full consultation with Human Resources and the Trade Unions.
- 6.4 The Vehicle, Plant and Equipment Efficiency Review has undergone a staged review by the Corporate Management Team and is endorsed by them.

## **7.0 EQUALTIES**

- 7.1 This report has no impact on the Council's Equality Agenda.

# **Environmental Services (Transport)**

**Vehicle, Plant & Equipment  
Procurement, Management & Maintenance Review  
June 2009**



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1.1.1

## Environmental Services (Transport)

### Vehicle, Plant & Equipment – Procurement / Management & Maintenance Review

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#### 1.0 Purpose:

1.1 The purpose of this report is to advise members of the processes used while carrying out the above Review and to present the findings and results of those processes. It also seeks approval for the recommendations contained within this report.

#### 1.2 Aims of the Review:

To provide a comprehensive Vehicle & Plant Asset Management policy identified by

- The preferred procurement options and replacement cycles for the various vehicle types and plant items.
- A cost effective provision of services incorporated within the remit of Fleet Management which best supports the needs of User Services
- A Fleet Maintenance regime which clearly provides Best Value, ensuring at all times compliance with statutory transport legislation which protects the integrity of the Councils Operators Licence

#### 2.0 Process:

2.1 The Review is based on Scottish Executive guidance on conducting Efficiency Reviews. The process involved identifying alternative Practical Options available for comparison with the existing service provision for Fleet Procurement, Management and Maintenance.

2.2 The process would involve 3 stages:

- The **Scoping Report** in which the aims of the Review are identified with all the Practical Options available for comparison.
- The **Preliminary Report** in which first stage Option Appraisals are carried out to identify which options should be subjected to a more detailed analysis. It would also be used as part of the consultation process with stakeholders.
- The **Final Report** in which the second stage of the Option Appraisal is carried out with the results and the consultation findings put forward with recommendations for approval.

2.3 The **Scoping Report** stated the aims of the review was to provide a comprehensive Vehicle & Plant Asset Management policy identifying:

- The preferred procurement options and replacement cycles for the various vehicle types and plant items.

- A cost effective provision of services incorporated within the remit of Fleet Management which best supports the needs of User Services
- A Fleet Maintenance regime which clearly provides Best Value, ensuring at all times compliance with statutory transport legislation which protects the integrity of the Councils Operators Licence

2.3.1 The Scoping Report also identified the following list of Practical Options for the service. The list of nine options being considered were based on the Scottish Executives main list of options:

- Improved in-house Service – This will involve appraisal of in-house services identifying the best options between fleet purchase, lease and contract hire with in-house maintenance.
- Reconfiguration – The integration of this service within another service.
- Joint Working – Working with other local authority transport services.
- Market Testing – Effectively bidding for the in-house service against the private sector.
- Partnership – Appraising partnership options with the private sector.
- Externalisation – The Council retaining a client function with service delivery being carried out by the private sector or another agency.
- Transfer – Where the complete service is externalised by the Council including the management (client function).
- Cessation – Stopping provision of the service.
- Hybrid – A combination of any options mentioned above.

2.4 The **Preliminary Report** included a first stage Options Appraisal by completing a Practical Option Filtration Matrix and completed Key Questions Table. The report also included Definition Tables created to give a clear understanding for each Option and Test Criteria

2.4.1 Based on the evaluation of the Practical Option Filtration Matrix and the Key Questions Table the Preliminary Report recommended which options should be taken forward and why. The report also produced weightings and positive/negative effect scores for a Key Perspectives Matrix which will form part of the second stage Option Appraisal to be included in the Final Report.

This report examined 9 options (See Page 6 - 4.2) and from this 3 options (See Page 14 – 4.27) were taken forward for more detailed analysis. The options recommended to take forward were:

- Improved in-house Service
- Partnership
- Hybrid

2.4.2 It was decided however, that due to the fact the Hybrid option offers a variety of opportunities for consideration, which include areas of partnership, the three general options could be expanded to more specific options for detailed analysis. These were:

1 Improved In-House Service

- Outright Purchase with in-house maintenance

2 Partnership

- Outright Purchase with external maintenance (for suitable vehicle / plant groups)
- Lease with in-house maintenance
- Lease with external maintenance (for suitable vehicle / plant groups)
- Contract hire with in-house maintenance
- Contract hire with external maintenance (for suitable vehicle / plant groups)

### 3 Hybrid

- A Combination of any of the above

2.5 The **Final Report** uses the above recommendations of the Preliminary Report and include them within the Key Perspectives Matrix. Included within and forming an important part of the second stage Option Appraisal process is the completion of a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and detailed Risk Analysis.

The perspectives used are:

- Service – Quality of what will be delivered
- Customer – Customer/Client satisfaction
- Financial – All costs associated with the option
- Strategic – Outcome Comparisons with what the Council is trying to achieve
- Risk – Risks associated with introduction and operation of the option
- Employees – Impact on employees involved for each of the options
- Resources – impact on other Council assets, ie buildings, vehicles and plant etc
- Sustainability – Looking at both Environmental Issues and Resource availability
- Continuous Improvement – The options ability to deliver continuous improvement
- Monitoring and Review – How the option facilitates this and how stakeholders are involved

The Risk Analysis categories used were:

- Contractual
- Economic
- Environmental
- Financial
- Physical
- Political
- Professional
- Staffing

2.5.1 The Final Report uses the second stage Options Appraisal exercises within the areas encompassed by the Scope of the Review to recommend a preferred option which if adopted will reach the anticipated Aims of the Review.

Scope of the Review:

- Fleet Procurement
- Fleet Management
- Fleet Maintenance

### **3.0 Background:**

3.1 Environmental Services (Transport) is responsible for the Procurement, Management and Maintenance of Inverclyde Councils fleet of vehicles and items of plant, including hires.

3.2 The main activities of the service are :

- Provision of Fleet Management services for all transport users within Inverclyde Council.
- Servicing and repair of the Councils fleet of vehicles and items of plant which includes a stores facility.
- Taxi and Private Hire Testing including the management of an MOT facility.
- Provision of Drivers for Social Work, Education and Catering Services.
- Operation of a “One stop shop” Hire Desk facility.
- Provision and control of Fuel facilities.

3.3 Environmental Services (Transport) Structure: See Appendix 2

3.4 Environmental Services (Transport) Budget: See Appendix 3

### **4.0 Stage 1 Evaluation – Preliminary Report**

4.1 The Review is based on Scottish Executive guidance on conducting Best Value Option Appraisal exercises.

4.2 The first stage was to consider 9 main options :

- Improved in-house Service – This will involve appraisal of in-house services at present outright purchase with in-house maintenance.
- Reconfiguration – The integration of this service within another service.
- Joint Working – Working with other local authority transport services.
- Market Testing – Effectively bidding for the in-house service against the private sector.
- Partnership – Appraising partnership options with the private sector. Identifying the best options between fleet purchase, lease and contract hire with in-house maintenance.
- Externalisation – The Council retaining a client function with service delivery being carried out by the private sector or another agency.
- Transfer – Where the complete service is externalised by the Council including the management (client function).
- Cessation – Stopping provision of the service.
- Hybrids – A combination of any options mentioned above.

4.3 The above options were scored against a list of criteria in order to produce a smaller practical list of options which would be subjected to a more detailed analysis. The results produced by this analysis will then be included in the Final Report.

4.4 The following is the list of the test criteria used in the Practical Option Filtration scoring matrix.

- Is the option consistent with the Councils Strategic Objectives, Priorities and Principals?
- Is the option consistent with Service Delivery Improvement plans?
- Is the option consistent in its ability to be Continuously Monitored and Reviewed?
- Will the option be able to be contained within future Budgets?
- Is the option implementable within a reasonable timescale?
- Can the Risk associated with the option be described as reasonable?

4.5 The following is the scoring system used. This enabled the total figures produced; identify a ranking of the options. It also allowed for options with a “0” score (unacceptable) for any of the test criteria to be ruled out of any further testing:

- 3 - Points awarded if the test criteria was met
- 2 - Points awarded if the test criteria was partially met
- 1 - Point awarded if the test criteria was not met
- 0 - awarded to any test criteria which would potentially make that option unacceptable

4.6 The above was carried out with the assistance of a number of key questions being asked of the practical options to identify if the objectives of the Option Appraisal were achievable.

- What are the positive changes that this option has to offer?
- What negative impact would this option have?
- What are the risks involved with this option?
- What are the long term implications?

4.7 Practical Option Filtration matrix – **Page 8**

4.8 Key Question Table – **Page 9**

4.9 Definition Tables created to give a clear understanding for each Option and Test Criteria  
**Pages 10 & 11**

# Practical Option Filtration

Option	Test Criteria						
	Consistent with the Councils Strategic Objectives, Priorities and Principals	Consistent with Service Delivery Improvement	Consistent with ability for Continuous Monitoring and Review	Likely to be within Budget	Implementable in time available	Reasonable Risk	Total
Improved in house Service	3	3	3	2	3	3	17
Re-configuration	0						0
Joint Working					0		0
Market Testing					0		0
Partnership	2	2	2	2	2	2	12
Externalisation						0	0
Transfer						0	0
Cessation						0	0
Hybrid	3	3	3	2	3	3	17

## Scoring

Framework:

3 = Meets Test Criteria

2 = Partially meets Test Criteria

1 = Fails to meet Test

Criteria

0 = Unacceptable Option – (Rules out for further consideration)

## Key Question Table

Questions				
Option	What are the positive changes that this option has to offer?	What negative impact would this option have?	What are the risks involved with this option?	What are the long term implications?
<b>Improved in house Service</b>	<ul style="list-style-type: none"> <li>• Possibility of better service</li> <li>• Organisational Stability</li> <li>• Economies of Scale – Efficient use of Resources</li> <li>• Improved Morale</li> </ul>	<ul style="list-style-type: none"> <li>• Perception of no change</li> <li>• Considerable additional Investment required (Procurement &amp; Infrastructure)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of residual values not meeting projections</li> <li>• Option unable to be implemented due to lack of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Allows for any future options to be reviewed</li> </ul>
<b>Partnership</b>	<ul style="list-style-type: none"> <li>• Access to specialist skills, expertise and equipment</li> <li>• Allows the Council to focus on their strengths</li> <li>• Potential Capital Receipts</li> <li>• Potential overhead savings</li> <li>• Transfer of residual value risk</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of Supervising and Monitoring the Contract</li> <li>• Loss of In-House capacity</li> <li>• Considerable additional Investment required (Procurement)</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial position of partners</li> <li>• Reputational risk due to service delivery</li> <li>• Option unable to be implemented due to lack of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Potential cost of transferring risk (Contract Monitoring, Redundancy Payments)</li> <li>• Locked into this option due to reduction of In-House capacity/Infrastructure</li> <li>• Loss of local skills base</li> </ul>
<b>Hybrid</b>	<ul style="list-style-type: none"> <li>• Access to specialist skills, expertise and equipment</li> <li>• Allows the Council to focus on their strengths</li> <li>• More efficient use of Resources</li> <li>• Demonstrates value for money</li> <li>• Potential Capital Receipts</li> <li>• Potential overhead savings</li> <li>• Transfer of residual value risk</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of Supervising and Monitoring the Contract</li> <li>• Depending on outcome, possibility of loss of In-House capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial position of partners</li> <li>• Reputational risk due to service delivery</li> <li>• Option unable to be implemented due to lack of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Potentially allows for any future options to be reviewed</li> <li>• Potential cost of transferring risk (Contract Monitoring, Redundancy Payments)</li> </ul>



## Definition of Options

This Review Process identifies 9 options for consideration in a Service Review.

The following table lists those options with the definitions shown and how they should be interpreted.

Option	Definition	Interpretation
Improved in house Service	To provide a more economic, efficient and effective version of the current service provision.	Functions which produce the same output for less cost or more output from the same cost or a combination of both.
Re-configuration	A restructure within a service to improve efficiencies and savings.	Identification of duties which can be shared by departments within a larger Service.
Joint Working	Local Authorities working together to achieve shared objectives.	Working with neighbouring Local Authorities in such a way that offers more than options 1 or 2.
Market Testing	Tendering Processes including In-House bids.	Identifying the most competitive bid whether In-House or External.
Partnership	Working with Private or Voluntary Sector partners.	Working with Private or Voluntary Sector partners to provide certain areas of service provision.
Externalisation	Managing and provision of the service operations by an External Organisation with the Local Authority retaining a Client function.	Transferring of the workforce and certain elements of management to a private sector organisation.
Transfer	The same as externalisation but would also include the Client function.	Transfer of the complete service department to an external organisation to manage and provide the service delivery.
Cessation	Stopping service delivery.	Stopping some areas of service delivery while ensuring all legal obligations are met.
Hybrid	A combination of the above options	Utilisation of the options above, combining them to provide the best service.

## Criteria Test Definitions

This Review Process identifies 6 tests to be applied in the "Practical Option Identification" matrix for further consideration.

The following table lists those tests and how they should be interpreted.

Test	Interpretation
Consistent with the Councils Strategic Objectives, Priorities and Principals	<p>The Option must be capable of contributing to the council's strategic aims of delivering.</p> <ol style="list-style-type: none"> <li>1. Educated, Informed, Responsible Citizens.</li> <li>2. Healthy, Caring Communities.</li> <li>3. Safe, Sustainable Communities.</li> <li>4. A Thriving, Diverse, Local Economy.</li> <li>5. A Modern, Innovative Organisation.</li> </ol>
Consistent with Service Delivery Improvement	<p>The Option must provide a measureable improvement over current service delivery in terms of.</p> <ol style="list-style-type: none"> <li>1. Quality of Vehicles Provided.</li> <li>2. Flexibility in Provision.</li> <li>3. Transparency of Charging Mechanism.</li> <li>4. Provision of Budgetary Information.</li> </ol>
Consistent with ability for Continuous Monitoring and Review	<p>The Option must be compatible with ease of monitoring and allow a degree of flexibility to meet service users varying budgetary and service delivery requirements.</p>
Likely to be within Budget	<p>The procurement option will not be delivered within existing budgets irrespective of option chosen.</p> <p>Fleet management and maintenance must be capable of being delivered at no additional management or overhead cost.</p>
Implementable in time available	<p>The Option must be capable of full implementation within 12 months.</p>
Reasonable Risk	<p>The Option should be achievable without increasing the financial or reputational risk to the council.</p>

## 4.10 Findings

- 4.11 Improved in-house Service – An improved in-house service was considered to be one which produced the same output at less cost or more output for the same cost or a combination of both these factors. The current service has considerable skill and expertise and demonstrates flexibility over a wide range of services. However there is also a requirement for significant investment to bring the infrastructure to a reasonable standard and continuing investment to maintain this standard. On the positive, the Council retains control over the service and maintains a capacity for flexibility and local accountability. Future options are left open and staff morale is likely to improve.
- 4.12 Reconfiguration – This is not an option as it would involve a restructure of Services, given that a comprehensive restructure has recently been implemented another restructure at this point would not be beneficial.
- 4.13 Joint Working – This is defined as working with neighbouring Authorities in such a way as to offer more than the previous two options. This is not viewed as an acceptable option due to the logistical concerns which would affect service delivery. Our closest neighbouring Authorities are Renfrewshire and North Ayrshire and at present their maintenance depots exceed 15 miles from the current location of Inverclyde Council's depot, the downtime alone taking Transport to these facilities and for them to attend on site repairs would not make the service Best Value for the service delivery of our user Services. There would also be some loss of financial flexibility and costs in restructuring the service. Risks will include the possibility of one or more partners not participating and potential political compromise. Elected member involvement in, and scrutiny of the service would be more complex.  
Although Joint Working with other local Authorities for maintenance provision may not be an option there has been collaboration in other areas of Transport in order to obtain best prices, good examples of these are the procurement contracts for Light Vehicles and Heavy Vehicles. This Council will also take an active part working with the newly created Scotland Excel (Centre of Procurement Expertise for Local Authorities) to enable it through collaborative working within a particular commodity or service ensure that Best Value is achieved where possible and Best Practices are developed.
- 4.14 Market Testing – Market testing involves securing the delivery of the service through the most competitive bid whether in-house or external. The current contract was won under these conditions and the Council has moved forward to providing services under Best Value.  
Appendix 1 gives details and examples of both Local Authority and Private Sector areas where it strengthens the argument for the retention of an In-House Maintenance and Management facility over the outside options of Market Testing, Partnership, Externalisation and Transfer.
- 4.15 Partnership – Partnership is defined as working with private sector partner/s to secure certain areas of service provision. The risks could involve reputational risk for the quality of work and response times unless suitable controls are in place as well as risks related to the partner's commercial stability. The Council may also get locked into this service delivery model through the loss of in-house capacity and skills. The benefits of a partnership arrangement are that the Council can access specialist skills and focus on areas where it performs well.  
The following are some of the areas where Inverclyde Council do access these specialist skills, Accident Damage (bodywork repairs), Tyre Repairs, Electrical Repairs, Specialist Equipment Repairs.  
See also Appendix 1 (Case Studies)

- 4.16 Externalisation – This is a step beyond market testing as it involves transferring the workforce and certain elements of management to a private sector organisation. It is felt that this model weakened the Council’s ability to use the service to deliver Council priorities and to provide local accountability. There would be very little control and flexibility over service delivery. The risk would involve reputational risk over quality as well as significant commercial risk in relation to the provider’s stability. In-house capability would be lost. Financial flexibility would be reduced as the externalised operation would require certain guarantees about future work and funding. Setting up such an arrangement is also likely to be a lengthy and difficult process. This option does not represent a reasonable risk to the Council.  
See also Appendix 1 (Case Studies)
- 4.17 Transfer – This involves setting up an external/arms length organisation to manage and deliver the service. The basis on which this organisation would be set up could specify issues in relation to meeting Council priorities and delivering levels of service and quality. However, beyond this, the Council would have no direct operational control and it seems likely that commercial viability would become the organisations main driver. The Council would lose considerable flexibility in making financial and service level adjustments and could be exposing itself to significant risks in terms of quality and responsiveness of service. Establishing the delivery mechanism could be a lengthy and costly exercise and, once entered into; a transferred operation would be difficult to disassemble. This option does not represent a reasonable risk to the Council.  
See also Appendix 1 (Case Studies)
- 4.18 Cessation – This is not an option due to our statutory obligations.
- 4.19 Hybrids – Hybrid is effectively a mixture of improved in-house services and partnership working. The hybrid option allows us to cherry pick the most attractive areas while allowing us to minimise the risk to the Council. Comparisons of Contract Hire, Lease and outright purchase of vehicles and plant with or without in-house maintenance ensure that good service and best value can be obtained.

#### **4.20 Key Perspectives Matrix**

- 4.21 This matrix has been developed and will form an important part of the second stage evaluation process with the results reported within the Final Report.
- 4.22 As reported in the Scoping report 10 key perspectives were identified. These perspectives were weighted into different groups and given a score.
- High – Service, Financial and Employee - (Weighting = 3 Points)
  - Medium – Customer, Risk and Continuous Improvement – (Weighting = 2 Points)
  - Low – Strategic, Resource, Sustainable, Monitoring and Review – (Weighting = 1 Point)
- 4.23 Each of the options within the matrix will also be given a score based on the effect each will have on the key perspectives and it was agreed the scoring would be based on the following:
- 5 Points – Strong positive effect
  - 4 Points – Positive effect
  - 3 Points – Neutral effect
  - 2 Points – Negative effect
  - 1 Point – Strong negative effect
- 4.24 The above scores would then be multiplied together to produce a total score for each option to be used in the overall recommendation of the preferred option in the Final Report.

#### **4.25 Recommendation**

4.26 From the results of the first stage evaluation three of the nine options were identified as options that can be carried forward to the second stage of the Options Appraisal process. It has been decided however, that due to the fact the Hybrid option offers a variety of opportunities for consideration, which include areas of partnership, the three general options can be expanded to more specific options for detailed analysis.

4.27 The more specific options were identified as:

4.27.1 Improved In-House Service

- Outright Purchase with in-house maintenance

4.27.2 Partnership

- Outright Purchase with external maintenance (for suitable vehicle / plant groups)
- Lease with in-house maintenance
- Lease with external maintenance (for suitable vehicle / plant groups)
- Contract hire with in-house maintenance
- Contract hire with external maintenance (for suitable vehicle / plant groups)

4.27.3 Hybrid

- A Combination of any of the above

4.28 The above will now be used in the Option Appraisal process for all areas included within the scope of this Review which encompasses:

- Fleet Procurement
- Fleet Management
- Fleet Maintenance

## 5.0 Stage 2 Procurement Option Appraisal

- 5.1 In order to comprehensively evaluate a procurement option, whole life costs for each vehicle type require to be calculated. Whole life costs take into account :

Finance/Contract Hire/Purchase Costs  
Fuel  
Depreciation

A draft whole life cost evaluation process is shown in Appendix 4. The process has been demonstrated using vehicle types which are common to our fleet. The illustration evaluates Outright purchase with in-house maintenance against Contract Hire with and without maintenance.

- 5.2 It should be noted that the maintenance costs quoted by contract hire companies in Appendix 4 meets with manufacturers specifications, but does not necessarily meet with the level of maintenance required to satisfy the council's duty of care. Undoubtedly, additional inspections will be required in addition to the basic manufacturer's specification. In addition, the figures quoted for in-house repairs, which are based on APSE weightings are particularly onerous on items of heavy plant machinery (CAT 312, JCB 425) we would not expect to incur the level of maintenance charges quoted if machinery was replaced within the proposed time scale. The maintenance costs quoted does not take into account any major refurbishment work; this is of particular significance with Refuse Collection Vehicles. Historically, major body and lifter refurbishment has been required after 5 years at a cost of £15 - £20k, for this reason we have programmed RCV replacements to take place after 5 years but dependent on usage this may be extended to 7 years.
- 5.3 Whilst customer consultation is paramount in the procurement process the final decision as to the vehicle or plant manufacturer and type will be taken by Environmental Services (Transport). The decision to purchase used items in lieu of new items will be taken by Environmental Services (Transport).
- 5.4 An analysis with the assistance of Finance Services has been carried out in order to allow an annual figure for funding the programme, based on 'whole life costs' taking into account vehicle residual values. This has been illustrated in Fleet Procurement Analysis.

## 5.4 Stage 2 Fleet Procurement Analysis

Through the process of evaluation and scoring we have come to the conclusion that prudentially funded vehicles with in-house maintenance provides the best solution.

We require to consider, using the above option, which replacement cycle offers the most efficient replacement strategy.

The three options considered are, replacements of vehicles and plant machinery over a 3, 5 and 7 cyclical period, over a 5 and 7 cyclical period and the current policy where vehicles are replaced when they are beyond effective repair and funding is made available, with short term hires used in the interim period.

The current replacement arrangements has a number of drawbacks, labour and material intensive maintenance, increased vehicle downtime, poor corporate image, unable to take advantage of the latest technological advances in reducing carbon emissions and improving passenger and pedestrian safety and provides a poor working environment for mobile workers. In addition it does not meet with HSE guidelines for large organisations to have a planned vehicle replacement policy as a part of their Corporate Road Risk Policy.

We do not feel the current arrangements meets with the Councils current objectives of modernisation and does not contribute to the Councils Strategic Outcome 3 to “Protect and care for the environment by addressing climate change through reducing the amount of energy used in Council buildings, street lighting and transport and identifying further opportunities for carbon reduction”

The current arrangements has received £3.8m of funding over the past 10 years and we are currently in the position where we require £4.2m of funding to modernise the fleet to a reasonable operating standard, this does not provided for any ongoing replacement strategy.

On this basis the two options considered for in depth financial appraisal are:

### Option 1: 3, 5 and 7 Year Replacement Policy

An ongoing funding analysis of Option 1 is shown in Diagram 1 and is based on vehicles and plant being replaced at 3, 5 and 7 years dependant on vehicle type and allows us to take advantage of the generous discounts achievable through collaborative buying in conjunction with the Authorities Buying Consortium (Excel Scotland) and by disposing of the vehicles while they are still an attractive ‘retail’ proposition on the used market we will maximise our residual returns. For the majority of the fleet this would also mean disposing of the vehicle at the end of the manufacturers 3 year warranty period and therefore minimising maintenance costs, taking advantage of extended servicing intervals and therefore reducing vehicle downtime.

This allows us to fully utilise efficiencies made in workshop operations to help fund the replacement policy and provides a platform to explore further efficiencies once the plan is implemented. The funding shortfall over the 10 year period taking into account current identifiable efficiencies is £ 1.606m.

### Option 2: 5 and 7 Year Replacement Policy

An ongoing funding analysis of Option 2 is shown in diagram 2 and is based on vehicles and plant being replaced at 5 and 7 years dependant on vehicle type and allows us to partially take advantage of the benefits outlined in Option 1 above.

However due to the fact we would be retaining vehicles and plant for a further 2 years out with their warranty term, efficiencies in workshop operations may not be fully utilised and residual returns from vehicles will be lower.

The funding surplus over the 10 year period taking into account current identifiable efficiencies is £ 44k.

Based on the ongoing funding analysis we would recommend Option 2 as being the preferred Replacement Cycle, shown in the table below, with the option to review the fleet replacement policy in 2012/13 to take advantage of information gained through new ICT and tracking information. This option allows us to maximise our efficiencies, provides a newer fleet for users and provides the best platform for the future to increase operational efficiencies.

Maximum Replacement Cycles:

5 Years	Vehicles	Cars, Vans, Tippers up to 3.5Tonne, Tippers over 3.5 Tonne Refuse Collection Vehicles, Minibuses, Mini Sweepers
	Plant Items	Mini-Excavators, Tractors, Woodchippers, Dumpers, Ride-On Mowers, Pedestrian Mowers, Trailers
7 Years	Vehicles	Welfare Conversion Buses, Tower Wagon, Sweepers, Gully Machines, Skip Loader, Econ Tipper / Gritters, Specialist Conversion Vehicles (CCTV, Invernet)
	Plant Items	Loading Shovels, Tracked Machines, Backhoe Loaders Telescopic Handlers, Road Rollers, Airmasters



**Ongoing Funding of Vehicle Replacement Programme 3, 5 and 7 Years**

**Diagram 1**

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	
<b>Funding Requirements:</b>											
Value of Vehicles to be Replaced:											
3yr Life Vehicles	2,141	90	6	2,182	90	6	2,182	90	6	2,182	8,975
5yr Life Vehicles	1,490	1,247	159	18	0	1,490	1,247	159	0	0	5,810
7yr Life Vehicles	1,699	39	104	72	0	0	0	1,739	39	104	3,796
Less Funded From Reserves:											
7yr Life Vehicles	(850)										
Residual Value of Replaced Vehicles: *											
3yr Life Vehicles	(445)	(39)	(2)	(920)	(39)	(2)	(918)	(39)	(2)	(918)	(3,324)
5yr Life Vehicles	(121)	(204)	(73)	(9)	0	(390)	(294)	(73)	0	0	(1,164)
7yr Life Vehicles	(126)	(14)	(20)	(14)	0	0	0	(303)	(11)	(21)	(509)
<b>Total Requirement</b>	<b>3,788</b>	<b>1,119</b>	<b>174</b>	<b>1,329</b>	<b>51</b>	<b>1,104</b>	<b>2,217</b>	<b>1,573</b>	<b>32</b>	<b>1,347</b>	<b>13,584</b>
<b>Total Loan Charges Required:</b>											
3yr Life Vehicles	32	618	636	661	480	479	503	481	480	504	
5yr Life Vehicles	26	332	552	570	572	592	528	491	490	488	
7yr Life Vehicles	14	122	128	142	150	150	150	177	272	274	
<b>Total Loan Charges Required:</b>	<b>72</b>	<b>1,072</b>	<b>1,316</b>	<b>1,373</b>	<b>1,202</b>	<b>1,221</b>	<b>1,181</b>	<b>1,149</b>	<b>1,242</b>	<b>1,266</b>	
<b>Funding Available:</b>											
Existing Loan Charges Funding **	0	13	168	368	397	397	397	414	414	414	
Existing Funding for £305k Prud Borrowing	6	70	70	70	70	70	0	0	0	0	
Vehicle Reserve	58	88	88	88	88	88	88	88	88	88	
Anticipated Savings		458	458	458	458	458	458	458	458	458	
Proposed Service Savings		60	90	160	160	160	160	160	160	160	
<b>Total Funding Available</b>	<b>64</b>	<b>689</b>	<b>874</b>	<b>1,144</b>	<b>1,173</b>	<b>1,173</b>	<b>1,103</b>	<b>1,120</b>	<b>1,120</b>	<b>1,120</b>	
<b>Funding Surplus/(Shortfall)</b>	<b>(8)</b>	<b>(383)</b>	<b>(442)</b>	<b>(229)</b>	<b>(29)</b>	<b>(48)</b>	<b>(78)</b>	<b>(29)</b>	<b>(122)</b>	<b>(146)</b>	
<b>Cumulative Funding Surplus/(Shortfall)</b>	<b>(8)</b>	<b>(391)</b>	<b>(833)</b>	<b>(1,062)</b>	<b>(1,091)</b>	<b>(1,139)</b>	<b>(1,217)</b>	<b>(1,246)</b>	<b>(1,368)</b>	<b>(1,514)</b>	

\* Based on current Glass's Guide Trade Prices or suppliers projected residual value or assumed to be 30% after 3 years, 20% after 5yrs, 10% after 7yrs where market prices unavailable.

\*\* Based on 07/08 Loan Charges file advanced year on year until existing vehicles repaid & on an assumed 5% Interest & Expenses Rate.

**Ongoing Funding of Vehicle Replacement Programme 5 and 7 Years**

**Diagram 2**

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	
<b><u>Funding Requirements:</u></b>											
Value of Vehicles to be Replaced:											
3yr Life Vehicles		0	0	0	0	0	0	0	0	0	0
5yr Life Vehicles	2,729	1,799	395	131	0	2,729	1,799	395	131	0	10,108
7yr Life Vehicles	1,739	39	56	120	0	0	0	1,739	39	56	3,788
Less Funded From Reserves:											
7yr Life Vehicles	(850)										
Residual Value of Replaced Vehicles: *											
3yr Life Vehicles	0	0	0	0	0	0	0	0	0	0	0
5yr Life Vehicles	(256)	(428)	(138)	(40)	0	(735)	(428)	(138)	(40)	0	(2,203)
7yr Life Vehicles	(126)	(12)	(10)	(24)	0			(304)	(11)	(10)	(497)
<b>Total Requirement</b>	<b>3,236</b>	<b>1,398</b>	<b>303</b>	<b>187</b>	<b>0</b>	<b>1,994</b>	<b>1,371</b>	<b>1,692</b>	<b>119</b>	<b>46</b>	<b>11,196</b>
<b>Total Loan Charges Required:</b>											
3yr Life Vehicles	0	0	0	0	0	0	0	0	0	0	0
5yr Life Vehicles	47	590	881	937	956	993	872	851	848	847	
7yr Life Vehicles	14	129	134	143	157	157	157	185	272	273	
<b>Total Loan Charges Required:</b>	<b>61</b>	<b>719</b>	<b>1,015</b>	<b>1,080</b>	<b>1,113</b>	<b>1,150</b>	<b>1,029</b>	<b>1,036</b>	<b>1,120</b>	<b>1,120</b>	
<b><u>Funding Available:</u></b>											
Existing Loan Charges Funding **	0	13	168	368	397	397	397	414	414	414	
Existing Funding for £305k Prud Borrowing	6	70	70	70	70	70	0	0	0	0	
Vehicle Reserve	58	88	88	88	88	88	88	88	88	88	
Anticipated Savings		458	458	458	458	458	458	458	458	458	
Proposed Service Savings		60	90	160	160	160	160	160	160	160	
<b>Total Funding Available</b>	<b>64</b>	<b>689</b>	<b>874</b>	<b>1,144</b>	<b>1,173</b>	<b>1,173</b>	<b>1,103</b>	<b>1,120</b>	<b>1,120</b>	<b>1,120</b>	
<b>Funding Surplus/(Shortfall)</b>	<b>3</b>	<b>(30)</b>	<b>(141)</b>	<b>64</b>	<b>60</b>	<b>23</b>	<b>74</b>	<b>84</b>	<b>0</b>	<b>0</b>	
<b>Cumulative Funding Surplus/(Shortfall)</b>	<b>3</b>	<b>(27)</b>	<b>(168)</b>	<b>(104)</b>	<b>(44)</b>	<b>(21)</b>	<b>53</b>	<b>137</b>	<b>137</b>	<b>137</b>	

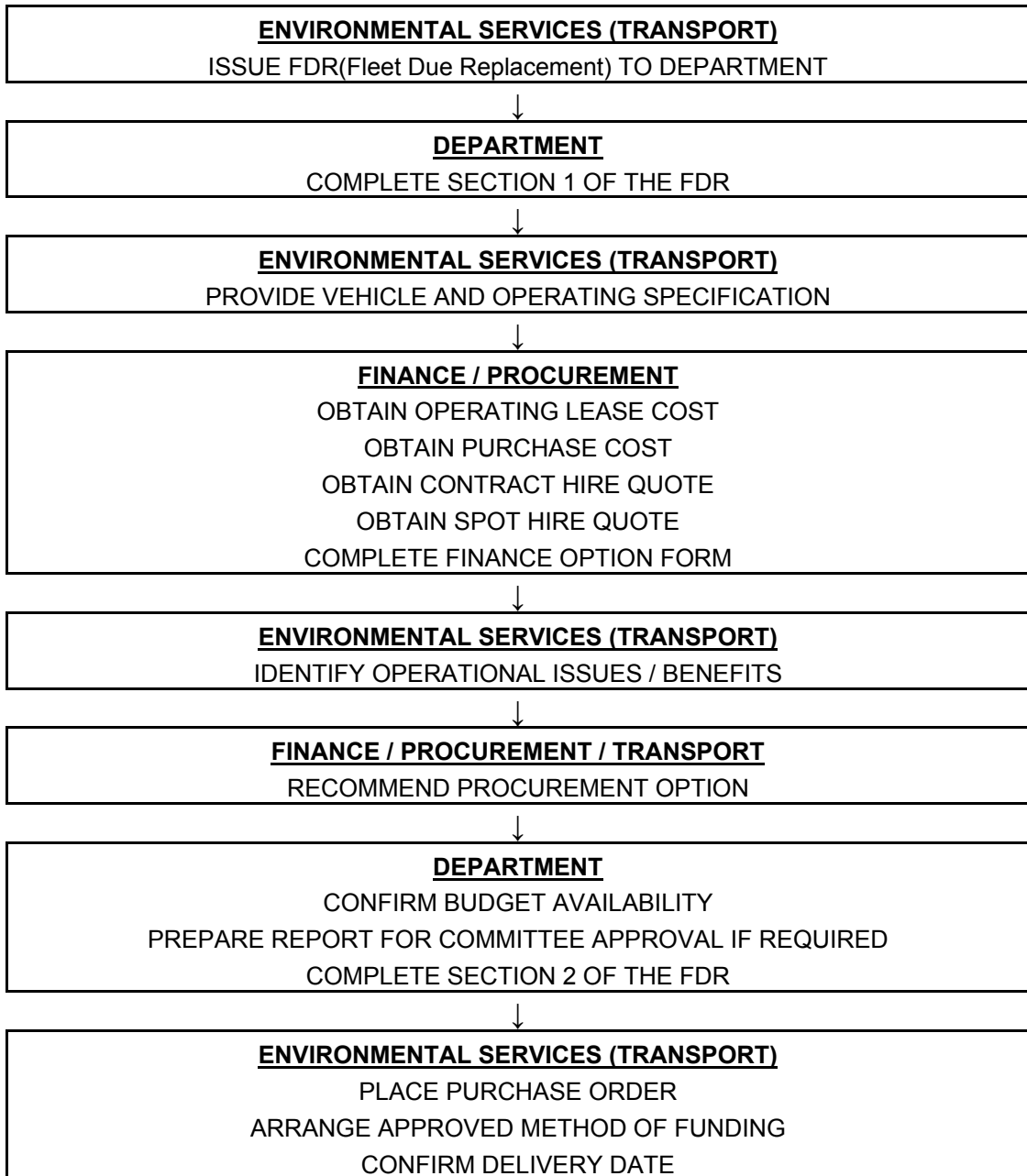
\* Based on current Glass's Guide Trade Prices or suppliers projected residual value or assumed to be 30% after 3 years, 20% after 5yrs, 10% after 7yrs where market prices unavailable.

\*\* Based on 07/08 Loan Charges file advanced year on year until existing vehicles repaid & on an assumed 5% Interest & Expenses Rate.

## 5.5 Procurement Process

5.5.1 If accepted, the preferred replacement policy will require to be implemented using a structured process which allows clarity and transparency at each stage. The final choice of vehicle manufacturer and specification will be made by Transport Services. A draft procurement process is shown below.

### FLEET REPLACEMENT PROCEDURE FLOWCHART



## **6.0 Stage 2 Fleet Management Analysis**

6.1 The core function of Fleet Management, along with the Vehicle Maintenance section, is to protect and maintain the integrity of Inverclyde Council's Operator's Licence. Our role is to ensure that any statutory requirements by the Vehicle and Operator Services Agency (VOSA) licensing section are carried out, recorded and that any changes to our licence are notified to the agency within the approved time scales.

6.2 In addition a number of other functions are performed :

- Management of Vehicle Maintenance Section
- Management of Cab/M.O.T. Testing
- Provision of Drivers for Education, Social Work and Catering Services
- Management of Driver Services
- Fleet Service Scheduling
- Liaison with Police on Taxi/PHV Enforcement
- Advice to Public on Taxi/PHV Enforcement
- Provision of Road Fund Licences
- Vehicle Insurance (Claims and Inspection)
- Advice to council services on all transport issues
- Development and Monitoring of Contracts
- Provision of Fuel

6.3 Fleet Management costs have been recovered by a 12% on cost to fuel since the onset of the current vehicle maintenance contract in 1997. Since 1997 a number of additional roles have required to be encompassed within Fleet Management to ensure the council's compliance with new legislation and 'duty of care' guidelines. The main areas of additional legislation are Corporate Road Risk, Changes in drivers hours legislation and the council's duty of care to ensure all drivers are licensed and hold the correct categories for the vehicles they are driving. While Fleet Management have addressed and put systems in place to ensure compliance, the true costs of providing this enhanced service is not being met by the current charges. We therefore propose a revised process for the recovery of Fleet Management costs which utilise the APSE vehicle weightings and provide a clearer and more transparent charging mechanism and result in a re-profile of the service budget. Routine maintenance will be included in the reviewed Fleet Management/Maintenance charging methodology to allow for simpler service user budgeting and promote increased awareness and ownership of non routine repairs.

### **6.4 The Review of Fleet Management/ Maintenance Charging Methodology**

Recharges have been based on the current Vehicle Maintenance Expenditure/Income budgets with the exception procurement of the procurement costs being built into the recharges, see notes below. The model assumes the "Surplus" of the Trading Operation will need to be recovered however the status as a Trading Operation should be reconsidered given the lack of external/competitive work along with the revised charging method which, again, is not based on a competitive model. Although the charging methodology has changed, the actual income recovered (in Council wide terms) has not, with the exception of the procurement costs. If this methodology is agreed then a budget re-alignment will need to take place, i.e. the budgets based on the old method of allocating charges will be removed from each Service & replaced with a budget relevant to the new Fleet Management Charge methodology, the net effect across the Council will therefore be nil, there may however be an impact on the Surplus positions for the Trading Operations. The model does not at this stage take into account any savings made, it is anticipated that direct labour costs, materials costs etc will reduce over the next 1-2 years as the older vehicles are replaced. This will result in a reduced Fleet Management Charge per Vehicle/Service by 2010/11 however these savings have already been considered when funding the current Capital Programme and are not

available for Services to use.

## **6.5 Methods of Recovery of Individual Income Types**

### **Vehicle Weightings**

Vehicle Weightings, based on APSE Vehicle Groups, have been calculated for each vehicle. In addition an estimated weighting has been applied to the "non-fleet" items, mainly small plant, etc that have no specific fleet number, grouped by user. Finally, a weighting has been applied to the CAB/MOT station. This gives a consistent monthly charge for each vehicle/Service & ensures transparency as to the charges raised. Monitoring will also be easier, concentrating on the "direct" charging, i.e. fuel, direct maintenance etc with a fixed basic charge.

### **Overheads**

All overheads, with the exception of those relating to Driver Services (independent part of business), recovered through the Fleet Management Recharge based on the Vehicle Weightings.

### **Routine Maintenance**

Routine Maintenance covers cyclical servicing, normal wear & tear, tyres etc recovered through the Fleet Management Recharge & charged using the Vehicle Weightings.

### **Non Routine Maintenance**

Non-Routine Maintenance covers anything that would not be considered fair wear & tear including accidental damage, driver abuse etc. Although this will be charged separately there is no overhead/profit element on the recharge. Labour rates have been calculated to recover costs only & materials are also charged at cost only. This has been set at 50% of the total Vehicle Maintenance work at this stage and is an estimate, with the introduction of a Fleet Management System we will be able to record & monitor this more accurately in future. This figure will be reviewed on an ongoing basis. If the %age turns out to be incorrect & this income is not recovered then there will, in simple terms, be a saving in the Service offset by reduced income in Vehicle Maintenance leading to a nil effect. In practical terms there may also be a reduction in the direct materials and possibly in the direct labour unless the 50/50 split is significantly wrong & those costs are then needed for Routine Maintenance. While the Non-Routine maintenance will be charged on a job by job basis an estimate will need to be made of the budget allocated to each Service to allow for this, it is proposed to use the Vehicle Weightings as a method of budget allocation in the first instance, this will be reviewed on an ongoing basis though.

### **External Charges**

This has been calculated on a full direct costs plus overheads plus profits element to ensure the Council budgets are not subsidising external clients, any overhead recovery has been deducted from the overall Fleet Management target before applying the Fleet Management charge.

### **Licences**

Applied as part of the Fleet Management Recharge, again to ensure all aspects of running the vehicle are included. This has been built into the model using the Vehicle weightings in order to show the charge/recovery however in practice the licences will be applied to each vehicle based on the actual licence cost.

### **Driver Services**

Hourly rate based on current number of drivers (Drivers working directly for Transport Services), downtime etc applied to the direct Drivers costs along with a proportion of the Management Allocation. Drivers work considered to be unrelated to the Fleet Management so not appropriate to recover the Management Overheads relating to this through the Fleet Management Recharge.

### **Fuel**

Recovered on a cost only basis. This previously had a mark-up to allow for overheads however this now recovered through the Fleet Management recharge.

### **Insurance**

Included in model to ensure the Fleet Management Recharge covers all aspects of running the fleet except the "direct" costs of non-routine maintenance & fuel. Charged

based on the APSE weightings which is a change from previous years where a flat rate per vehicle was applied.

**Procurement Charge**

Based on the loan charges for the average of each vehicle type over the recommended replacement cycle.

- 6.6 Fleet Management is an area which relies heavily on data analysis. At present we do not fully participate in the Association for Public Service Excellence (APSE) performance networks. Participation would allow us to benchmark against other local authorities and gauge our performance delivery. It is critical to the modernisation of not only Fleet Management but also Fleet Procurement and Maintenance that a Fleet Management System Software package is procured. Attempts have been made over the last 18 months to secure funding (approx £25000) for the system. A business case for the system is contained in Appendix 7 .
- 6.7 The purchase of a Vehicle Tracking System will also provide a powerful and proven management tool that can provide us with information that is significant in producing cost savings, greater efficiency and ultimately Best Value. Full details of the benefits of Vehicle Tracking are contained in Appendix 5.
- 6.8 The need for a single, dedicated Fleet Management System to record and monitor operational activities was again highlighted by the Chief Internal Auditor at the Audit Committee 18 March 2008. Agenda Item 5, Internal Audit Progress Report 10 Dec 2007 to 22 Feb 2008.
- 6.9 Irrespective of the chosen method of fleet procurement and maintenance. Fleet management will remain a core function in maintaining the integrity of the council's Operators Licence. A dedicated Fleet Management System and a Vehicle Tracking System is key to delivering, maintaining and proving Best Value in this area of service delivery.

## **7.0 Stage 2 Fleet Maintenance**

7.1 The core function of Fleet Maintenance, along with the Fleet Management section, is to protect and maintain the integrity of Inverclyde Council's Operator's Licence. Our role is to ensure that any statutory requirements by the Vehicle and Operator Services Agency (VOSA) licensing section are carried out, and the fleet is maintained in such a way as to meet all statutory and duty of care requirements and provide customers with :

- Value for money
- Productivity / Efficiency / Effectiveness
- Service Quality

7.2 The main functions provided by the Vehicle Maintenance section are :

- Scheduled Servicing and repairs of Council Fleet
- Vehicle Repairs (ad hoc)
- Breakdown Recovery
- Winter Maintenance Call Out
- External Contracts
- Purchase of Parts and Materials for Grounds, Transport and Cleansing
- Stock Maintenance and Control
- Tyre Contract
- CAB/M.O.T. Testing

7.3 Vehicle Maintenance is currently provided as an in-house service using partnership working with local companies in specialised areas such as vehicle recovery, fabrication work and electrical repairs. The main benefits of this service delivery model are :

- Organisation 'service driven' not 'profit driven'.
- An experienced workforce, which has been trained to service the needs of the client's fleet.
- Labour and workshop assets are strategically placed in the Council's geographical area to provide a flexible service to clients.
- Priority service provided by subcontractors, many of which are local companies, due to long standing excellent relationships.
- Reliable vehicle and plant breakdown recovery 24 hours 365 days per year.
- Provision of on-site repairs using mobile service vans.
- Flexibility to supply other services to customers.

7.4 Vehicle Maintenance currently recharges on a basis of actual hours worked. This is not consistent with the majority of Local Government transport operations and makes it difficult for us to benchmark. The review of Fleet Management/Maintenance Recharge Methodology will address this issue and result in services having a consistent monthly charge for each vehicle/Service & ensures transparency as to the charges raised. Monitoring will also be easier, concentrating on the "direct" charging, i.e. fuel, direct maintenance etc with a fixed basic charge. It also promotes the awareness to services of non routine repairs such as driver abuse and forces them to take more ownership of the vehicle.

## **7.5 Annual Fleet Management/Maintenance Charge 2009/10**

The following Fleet Charge Rate Schedule will apply from 1st April 2009.  
The Schedule also gives the proposed replacement cycle of each Vehicle/Plant Group.  
These charges will be reviewed Annually and adjusted accordingly based on the Fleet Age Profile and Fleet size.

The Annual Fleet Management / Maintenance Charge will recover the following expenditure:-

### **Fleet Management**

Management of the Council's Operators Licence requirements  
Management of the Vehicle Maintenance Service  
Management of the MOT Testing facility  
Management of the Provision of Fuel  
Management of Vehicle Procurement & Disposal  
Management and Operation of the Council's Hire Desk  
Management of Vehicle Accident Damage Claims and Repair  
Driver Training, Assessment, Licence Checks (In line with Council's Corporate Road Risk Policy)  
Development and Monitoring of various Transport Contracts  
Provision of Fleet Service information (Schedules)  
Advice to Council Services on all Transport issues  
Provision of Road Fund Licences  
Vehicle Insurance Premium Charges

### **Fleet Maintenance**

Routine Vehicle Service and Repair - To meet all Statutory Requirements  
Maintenance of any ancillary Equipment to meet Statutory Requirements.  
Provision of Vehicle Stores Facility (Stock Maintenance and Control)  
Supply and fitting of Tyres (Contract Control)  
Breakdown Recovery  
Operation of the MOT Testing Facility

The Annual Fleet Management - Maintenance Charge will not recover the following which shall be charge extra where appropriate.

This will be charged on an Hourly Rate.

Non-Routine Maintenance

Driver Abuse

Accident Damage Costs up to the Excess figure of £2500

Winter Maintenance Stand By

Service Requests (Incl vehicle washes

Additional Charges for repairs to vehicles beyond replacement cycle

Procurement charges for the purchase of Vehicles and Plant

### **Note:**

The Direct Charge allocation column figures have been included within Service Users budgets to cover the present costs associated with the above  
Again as per the Management and Routine Maintenance charges these figures will be reviewed Annually and adjusted accordingly based on the Fleet Age Profile, Fleet size.

Fuel Costs will be charged separately on actual usage and at purchase price.  
Procurement charges for the purchase of the Vehicles and Plant have not been included.

External Work will be charged on an Hourly Rate.

### **Fleet Charges 09-10**



Description	Replacement Period (Years)	Management and Routine Maintenance Charges		Direct Charge Cost allocation for Non-Routine Maintenance	Procurement Charge
		Rate per Year	Rate per Monthly Finance Period		
Vans - Small Car Derived	5	1212	101	343	2070
Vans - Car Derived	5	1272	106	343	2210
Cars & People Carriers	5	1262	105	343	3600
4x4 Vehicles up to 3500kg	5	2036	170	582	4560
Vans - Panel up to 3500kg	5	2036	170	582	2930
Vans - Luton up to 3500kg	5	2690	224	788	4500
Tippers up to 3500kg	5	2690	224	788	3900
Tippers 3500kg to 7500kg	5	3440	287	1028	6910
Tippers over 7500kg to 18000kg	7	5562	464	1542	9570
Tipper/Gritter up to 18000kg	7	5562	464	1542	8150
Minibus - Standard up to 17seats	5	2795	233	822	4220
Minibus - Standard up to 17seats with Tail-Lift	7	2800	233	822	5090
Minibus - Welfare Conversion up to 17seats	7	5642	470	1713	6680
Bus - Welfare Conversion 18 to 26seats	7	6223	519	1884	11880
Sweepers mini up to 3500kg	5	4878	407	1473	13670
Sweepers over 7500kg to 18000kg	7	8933	744	2741	17820
Access Platforms up to 7500kg	7	3440	287	1028	7640
Gully Machine up to 18000kg	7	7841	653	2398	17820
Skip Loaders up to 18000kg	7	10474	873	3083	9500
Refuse Collection Vehicle up to 18000kg	5	16107	1342	4968	29610
Refuse Collection Vehicle 18000kg up to 26000kg	5	16107	1342	4968	29610
Specialist Conversion CCTV Van - up to 7500kg	7	6168	514	1884	5090
Specialist Conversion Internet Units	7	6223	519	1884	23760
Trailers van type up to 3500kg	5	1092	91	343	580
Trailers - Tractor	5	1092	91	343	940
Mowers - Cylinder	5	1092	91	343	1140
Mowers - Pedestrian	5	1310	109	411	1250
Ride-On Mowers	5	1310	109	411	2300
Ride-On Mowers - Outfront	5	1310	109	411	4210
Ride-On Mowers - Triplex Greens	5	1310	109	411	4170
Tractors with Loaders	5	4257	355	1336	6700
Skid Steer Loaders	5	4257	355	1336	5010
Excavators - Mini	5	4257	355	1336	5240
Excavators - Backhoe Loaders	7	4422	369	1336	6790
Excavators - Tracked 360	7	16373	1364	5139	9330
Loading Shovels	7	16373	1364	5139	13580
Telescopic Handlers	7	16538	1378	5139	6110
Club cars - Electric	5	1310	109	411	1140
Gators	5	1310	109	411	19360
Dumpers	5	1310	109	411	2730
Debris Clearance units	5	1310	109	411	1140
Woodchippers	5	1310	109	411	4560
Fork - Lift	5	1310	109	411	3420
Access Platforms - Transported	7	4647	4257	1542	N/A
Small Jetting Units	7	1310	109	411	N/A
Demountable Gritters	7	1092	91	343	N/A
Sweeper - Electric	5	1310	109	411	1370

## 8.0 Stage 2 Evaluation Scoring

8.1 Key to the second stage of the evaluation is the Risk Analysis and the Key Perspectives Matrices. The Key Perspectives Matrix will be scored as previously explained in the Stage 1 Evaluation - Preliminary Report (Page 13 – 4.20).

8.2 In the absence of any clear directive from the Scottish Government on what level of weighting should be applied to the Risk Analysis Matrix in respect of Fleet Procurement and Maintenance, Environmental Services (Transport) have scored the matrix using their professional experience of this sector and how the options are likely to affect the risk in each category. A score has been applied to each of the Risk Categories for each of the options and categorised from Low Risk (Score of 2) ranging to High Risk (Score of 10).

The Risk Analysis Matrix is shown on **Page 28** with the results from this exercise as follows:- Highest Score = Highest Risk

• Outright Purchase with in-house maintenance	<b>32</b>
• Outright Purchase with external maintenance (for suitable vehicle / plant groups)	<b>40</b>
• Lease with in-house maintenance	<b>36</b>
• Lease with external maintenance (for suitable vehicle / plant groups)	<b>42</b>
• Contract Hire with in-house maintenance	<b>36</b>
• Contract Hire with external maintenance (for suitable vehicle / plant groups)	<b>42</b>
• Hybrid: Purchase/Lease/Contract Hire with In-House Maintenance	<b>37</b>

8.3 These results demonstrate significant additional risk with all options using external maintenance. This risks stems from increased dependence on the private sector, their commercial stability and being locked into this option due to the loss of in-house capability.

## Risk Analysis Matrix

Options →	Improved In-house service	Partnerships					Hybrid
	Outright Purchase with in-house maintenance	Outright Purchase with external maintenance (for suitable vehicle / plant groups)	Lease with in-house maintenance	Lease with external maintenance (for suitable vehicle / plant groups)	Contract Hire with in-house maintenance	Contract Hire with external maintenance (for suitable vehicle / plant groups)	Mixture of Outright Purchase/Lease/Contract Hire with In-House Maintenance
Risk Categories	Score	Score	Score	Score	Score	Score	Score
<b>Contractual</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Economic</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Environmental</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Financial</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Physical</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>8</b>
<b>Political</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>
<b>Professional</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Staffing</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>2</b>
<b>Total Risk</b>	<b>32</b>	<b>40</b>	<b>36</b>	<b>42</b>	<b>36</b>	<b>42</b>	<b>37</b>

8.4 Each option was further considered against a number of key perspectives. The Key Perspectives Matrix is an important part of the Stage 2 evaluation. The matrix allows options to be scored against a number of perspectives. These scores are weighted, depending on the significance attached to each one. The 10 perspectives were grouped into high, medium and low weightings as follows:

- High – Service, Financial and Employee - (Weighting = 3 Points)
- Medium – Customer, Risk and Continuous Improvement – (Weighting = 2 Points)
- Low – Strategic, Resource, Sustainable, Monitoring and Review – (Weighting = 1 Point)

8.5 In the absence of any clear directive from the Scottish Government on the weighting levels which should be applied to the Key Perspectives in respect of Fleet Procurement and Maintenance, Environmental Services (Transport) have used their professional judgement to categorise the 10 perspectives as outlined above.

8.6 The results of this exercise are shown on **Page 30**. A summary of the results are shown below. Highest score = most positive outcome.

- |   |           |
|---|-----------|
| • Outright Purchase with in-house maintenance                                       | <b>76</b> |
| • Outright Purchase with external maintenance (for suitable vehicle / plant groups) | <b>45</b> |
| • Lease with in-house maintenance   | <b>70</b> |
| • Lease with external maintenance (for suitable vehicle / plant groups)             | <b>45</b> |
| • Contract Hire with in-house maintenance   | <b>70</b> |
| • Contract Hire with external maintenance (for suitable vehicle / plant groups)     | <b>45</b> |
| • Hybrid(Purchase/Lease/Contract Hire with In-House Maintenance)                    | <b>67</b> |

## Key Perspectives Matrix

Perspectives →	Service		Customer		Financial		Strategic		Risk		Employee		Resource		Sustainable		Continuous Improvement		Monitoring & Review	
Weightings →	High 3		Medium 2		High 3		Low 1		Medium 2		High 3		Low 1		Low 1		Medium 2		Low 3	
Options	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total
<b>Improved In-house Service</b>																				
Outright Purchase with in-house maintenance <b>76</b>	4	12	4	8	2	6	4	4	3	6	5	15	2	2	3	3	4	8	4	12
<b>Partnerships</b>																				
Outright Purchase with external maintenance (for suitable vehicle / plant groups) <b>45</b>	2	6	2	4	2	6	2	2	2	4	2	6	4	4	3	3	2	4	2	6
Lease with in-house maintenance <b>70</b>	4	12	4	8	2	6	3	3	3	6	5	15	2	2	3	3	3	6	3	9
Lease with external maintenance (for suitable vehicle / plant groups) <b>45</b>	2	6	2	4	2	6	2	2	2	4	2	6	4	4	3	3	2	4	2	6
Contract Hire with in-house maintenance <b>70</b>	4	12	4	8	2	6	3	3	3	6	5	15	2	2	3	3	3	6	3	9
Contract Hire with external maintenance (for suitable vehicle / plant groups) <b>45</b>	2	6	2	4	2	6	2	2	2	4	2	6	4	4	3	3	2	4	2	6
<b>Hybrid</b>																				
Mixture of Outright Purchase/Lease/Contract Hire with In-House Maintenance <b>67</b>	4	12	4	8	2	6	3	3	3	6	5	15	2	2	3	3	3	6	2	6

Scoring Table:

Effect	Strong Positive	Positive	Neutral	Negative	Strong Negative
Score	5	4	3	2	1

- 8.5 It was felt that each of the options required a detailed analysis within each of the areas encompassed in the scope of the review. There would also be an examination of the strengths and weaknesses of each option therefore a SWOT Analysis was carried out and this had a significant influence in arriving at the conclusions.

## SWOT Analysis

### Improved Service Delivery:-

#### Outright Purchase with in-house maintenance

<p><b>Strengths:</b>          Direct Control over the Service</p> <p>Retains in-house expertise          Responsive to Local Demands (Local Knowledge)          Predictable Costs</p>	<p><b>Weaknesses:</b>          Residual Value Risk          Reliance on Private Sector for Areas of Specialist Work</p> <p>Overhead Costs          Perception of no change</p>
<p><b>Opportunities:</b>          Flexibility for future change</p>	<p><b>Threats:</b>          Lack of Investment(Procurement &amp; Infrastructure)</p>

### Partnerships:-

#### Outright Purchase with external maintenance (for suitable vehicle / plant groups)

<p><b>Strengths:</b>          Access to Specialist Skills</p>	<p><b>Weaknesses:</b>          Reliance on Private Sector          Residual Value Risk          Contract Administration Costs</p>
<p><b>Opportunities:</b>          Flexibility for future change</p>	<p><b>Threats:</b>          Loss of future in-house capability          Lack of Investment(Procurement)</p>

#### Lease with in-house maintenance

<p><b>Strengths:</b>          Transfer of Residual Value Risk</p>	<p><b>Weaknesses:</b>          Reliance on Private Sector for Areas of Specialist Work          Unpredictable costs at end of Lease</p>
<p><b>Opportunities:</b>          Flexibility for future change          Potential Capital Receipts</p>	<p><b>Threats:</b>          Lack of Investment(Procurement &amp; Infrastructure)</p>

#### Lease with external maintenance (for suitable vehicle / plant groups)

<p><b>Strengths:</b>          Access to Specialist Skills          Transfer of Residual Value Risk</p>	<p><b>Weaknesses:</b>          Unpredictable costs at end of Lease          Reliance on Private Sector          Contract Administration Costs</p>
<p><b>Opportunities:</b>          Potential Capital Receipts</p>	<p><b>Threats:</b>          Loss of future in-house capability          Lack of Investment(Procurement)</p>

### Contract Hire with in-house maintenance

<p><b>Strengths:</b> Transfer of Residual Value Risk</p>	<p><b>Weaknesses:</b> Unpredictable costs at end of Hire Period Reliance on Private Sector for Areas of Specialist Work</p>
<p><b>Opportunities:</b> Flexibility for future change Potential Capital Receipts</p>	<p><b>Threats:</b> Lack of Investment(Procurement &amp; Infrastructure)</p>

### Contract Hire with external maintenance (for suitable vehicle / plant groups)

<p><b>Strengths:</b> Access to Specialist Skills Transfer of Residual Value Risk</p>	<p><b>Weaknesses:</b> Unpredictable costs at end of Hire Period Reliance on Private Sector Contract Administration Costs</p>
<p><b>Opportunities:</b> Potential Capital Receipts</p>	<p><b>Threats:</b> Loss of future in-house capability Lack of Investment(Procurement)</p>

### Hybrid:-

### Mixture of Outright Purchase/Lease/Contract Hire with in-house maintenance

<p><b>Strengths:</b> Retains in-house expertise Direct Control over the Service Responsive to Local Demands (Local Knowledge) Predictable Costs</p>	<p><b>Weaknesses:</b> Residual Value Risk (Outright Purchase)  Reliance on Private Sector for Areas of Specialist Work Overhead Costs Unpredictable costs at end of Hire Period (Lease/Contract Hire)</p>
<p><b>Opportunities:</b> Flexibility for future change</p>	<p><b>Threats:</b> Lack of Investment(Procurement &amp; Infrastructure)</p>

8.6 This exercise suggests that a partnership option with external maintenance does not provide any significant advantages over in-house maintenance and in certain areas provides considerable disadvantages and risks. Outright purchase remains the preferred procurement option after considering whole life costs, however, the benefits / disadvantages between outright purchase and lease/contract hire require to be subject to an in depth analysis by Finance Services to ascertain any accounting positives or negatives each option offers.

## 9.0 Summary of Options

9.1 The analysis of options has followed the procedure for options appraisal which, in turn, is based on Best Value guidelines.

9.2 The seven options considered fall into two categories; Four in-house maintenance, three external maintenance. The analysis has shown that external maintenance provides very little in the way of advantages and offers considerable short and long term disadvantages.

## 10.0 Conclusions

- 
- 10.1 The review concludes that neither of the options with external maintenance offers the Council sufficient incentive to consider outsourcing this area of service provision.
  - 10.2 The four remaining options vary with regard to the procurement method. Outright purchase remains the preferred procurement option after considering whole life costs.
  - 10.3 Based on the outcomes illustrated in the Whole Life Cost Evaluations, outright purchase with in-house maintenance remains the most flexible option to maximise service delivery, provide value for money and minimise risk to the Council.
  - 10.4 Implementation of the proposed Vehicle, Plant and Equipment Procurement, Management & Maintenance Review allows a number of operating efficiencies to be realised as outlined in the main body of the report. It also puts the groundwork in place to allow a move away from Statutory Trading Account status and allow a charging mechanism to be implemented based on a recovery of costs model. Financial efficiencies will also be realised through implementation of the review, the reduction in maintenance charges to users coupled with operating efficiencies generated within vehicle maintenance are outlined in Appendix 6.

## **11.0 Consultation**

- 11.1 This report has been prepared in consultation with Finance Services.
- 11.2 There are no legal issues arising from the content of this report and as such the Head of Legal & Administration has not been consulted.
- 11.3 It is anticipated that as the Council's existing Fleet is replaced that there will be a reduction in the number of personnel required to service and maintain these assets. Any reduction in personnel will be done in full consultation with Human Resources and the Trade Unions.

## **12.0 Recommendations**

- 12.1 That the Committee approve the Vehicle, Plant and Equipment Efficiency Review.
- 12.2 That the Committee approve the Vehicle, Plant and Equipment Replacement Policy of 5 and 7 year cycles, subject to the vehicle/plant category.
- 12.3 That the Committee approve of the procurement of a Vehicle Tracking System
- 12.4 That the Committee approve of the proposed funding of £7.1 million between 2009 and 2014 for the Vehicle, Plant and Equipment Replacement Programme and for the funding of the cyclic replacement programme thereafter.
- 12.5 That delegated authority is given to the Chief Executive to vary the vehicle replacement cycle should there be a sound financial or operational need to do so, subject to his approval on a case by case basis.
- 12.6 That the Committee approve, subject to the limitations of Scotland Excel's contracts, the use of other Local Government Framework contracts for the procurement of Vehicles, Plant and Equipment provided Best Value can be demonstrated.
- 12.7 That the Committee approve the procurement of nearly new or used vehicles, plant and equipment where it is demonstrated that there are significant financial advantages to the Council with minimum risk to quality and warranty.



## **Appendices**

Appendix 1	Case Studies
Appendix 2	Environmental Services (Transport) Structure
Appendix 3	Environmental Services (Transport) Budget
Appendix 4	Whole Life Cost Evaluations
Appendix 5	Vehicle Tracking
Appendix 6	Costing and Efficiency Summary
Appendix 7	Fleet Management System Business Case

## Case Study 1

After reorganisation in 1996 Stirling Council were in the same position as many other local authorities who had the problem of an ageing fleet and the lack of funds to replace it. Stirling also had the added problem of a small maintenance facility which would now have to cope with a Fleet of 300 plus. A larger maintenance facility was sourced but this was also to prove unsuitable due to the access and the restricted parking.

Having struggled with this facility and with an ageing fleet it was decided to look at other options, this would also allow an evaluation to take place.

The options accepted at the time were,

1. Contract Hire with external maintenance with a local supplier for some of the fleet.
2. Contract Hire with the maintenance being contracted back to the Council's maintenance facility.(This contract was for the Refuse Collection Fleet)
3. The remainder of the Fleet being purchased by the Council and maintained In-House.

With the Fleet now being renewed and the downtime with a newer fleet reduced, this would release pressure on the maintenance facility.

The first 2 options were to prove costlier (escalating Additional work costs), with continuous discussions over what was fair wear and tear and included within each of the contracts, these problems were further compounded when the vehicle warranties ran out.

This externalisation exercise was proving that the In-House maintenance facility was cost effective and ensured a better service delivery.

Stirling would now concentrate on finding a new facility for the maintenance operations, but as Stirling had developed a range of Business Parks rather than Industrial Estates existing landlords were not prepared to accept a garage facility of the size required, to be built. Other sites were deemed not suitable due to the travelling distance for the service users which would make the operation inefficient. Discussions with an existing repair facility ABRO (Army Base Repair Organisation)

would now take place to lease the facility but ABRO's operating criteria would change allowing them to offer their services under Public /Private partnerships.

The whole discussions with ABRO would now change and after different papers were written and discussed, the result would be to produce a tender externalising both the Fleet Maintenance and Management, this was won by ABRO who would also buy out the Refuse Collection Fleet contract.

The above was carried out against advice of the Council's transport professionals.

This contract was worse and even led to the Council having a number of it's Operator's Licences being suspended by VOSA (Vehicle and Operator Licensing Authority), the following is a few of the areas where this contract failed :

- There were no penalties written into the contract
- There were issues with Health & Safety and Risk Assessments
- Each Service User was now having to employ a Transport Coordinator
- Other contracts the external provider had which were financially more beneficial to them took priority over the Council contract
- Again repairs were being recharged as not part of the contract (not fair wear and tear), leading to dispute and rising costs.
- VOSA were not being informed of changes within the Council's Operators Licence which subsequently led to the above suspensions
- Service Delivery was badly affected and complaints by the User Services were not being addressed properly.

With the contract failing the Council had to take action. The first thing was to negotiate the return of Fleet Management to protect the Council's Operators Licence from any further damage. This was managed a further year into the contract and with the transport expertise available again within the Council the concerns of the User Services with the external provider were now being addressed properly.

Unfortunately the infrastructure to maintain the vehicles is now lost and unless a considerable investment is made; the Council will now be tied into this particular option for the maintenance of its fleet.

## **Case Study 2**

### **GE Capital (TLS) Baseline Report (2003)**

As part of the Transport Section's continuing efforts to provide Best Value, an external company, GE Capital TLS, were commissioned to provide an independent report of the Council's transport operations and costings. The results of this "Baseline Report" were published in February 2003. The report identified various options that would provide cost savings and identified areas of current good practice and systems of work.

The following is a summary of items raised within the baseline report that were identified as good practice.

Maintenance of Fleet – The current workshops are best suited to the maintenance of the fleet as:

- There is no existing local competition which can cope with such a wide variety of fleet
- No-one locally can provide the skills required to maintain such a varied fleet
- The current workshops are conveniently situated
- In-house workshops allow a tight control of costs
- As part of the ABC Transport Group, we now have the same purchasing power as TLS.
- Single Badge Purchases – The ABC Transport Group encourages Single Badge Purchases.
- E-Commerce and Administration – The ABC Transport Group tender for heavy vehicles was carried out following guidelines for E-Procurement, other E options are being looked at.
- Tyre Policy – The current tyre contract was reported as achieving a high standard of value.

### **GE Capital (TLS) Consultation (2005)**

In November 2005, as part of our process of consultation, we met with TLS Vehicle Rental (GE Capital) who had recently carried out a review of its own vehicle maintenance provision. In order to carry out its review GE Capital set up a team consisting of four members, a Senior Accountant, Analyst, Project Manager and Iain Cameron (Regional Technical Engineer North) with whom we met. They were seconded to focus exclusively on this review and were based at Manchester for six months.

The initial starting point for GE Capital was that they purchased their vehicles and carried out maintenance 'in house', similar to Inverclyde Council.

During the course of the review different options were appraised including:

- Contract Hire with/without maintenance
- Purchase of vehicles with maintenance 'in house'

Contract Hire of any type was dismissed at an early stage of the review due to

GE Capital's massive purchasing power (Inverclyde Council now enjoy similar purchasing advantages due to participation in the ABC Transport Group)

The loss of ownership would lead to a reduction in flexibility with regards to the changing needs of their customers.

Contract Hire would limit disposal options and leave them open to end of term penalties with respect to minor damage.

The review then looked at the provision of maintenance, 'in house' versus 'out sourcing'.

The first option considered was the use of manufacturer dealer networks for the individual makes. This was considered impractical as many of the vehicles are specialised and are made up of components from more than one manufacturer (i.e. Refuse Collection Vehicles consist of Chassis manufacturer, Body manufacturer and Bin lifter manufacturer). Service agreements with separate companies would create conflict and would cause logistical problems in having service/repairs carried out. At present all these components could be serviced/repaired under one roof by a highly trained experienced staff.

The second option considered was the sourcing of independent workshops strategically placed within the required geographical areas to provide one stop shop maintenance facilities. Considerable effort was given to sourcing companies capable of carrying out such a role, because of the specialised nature of the vehicles and fleet size it was not possible to locate companies capable of this undertaking.

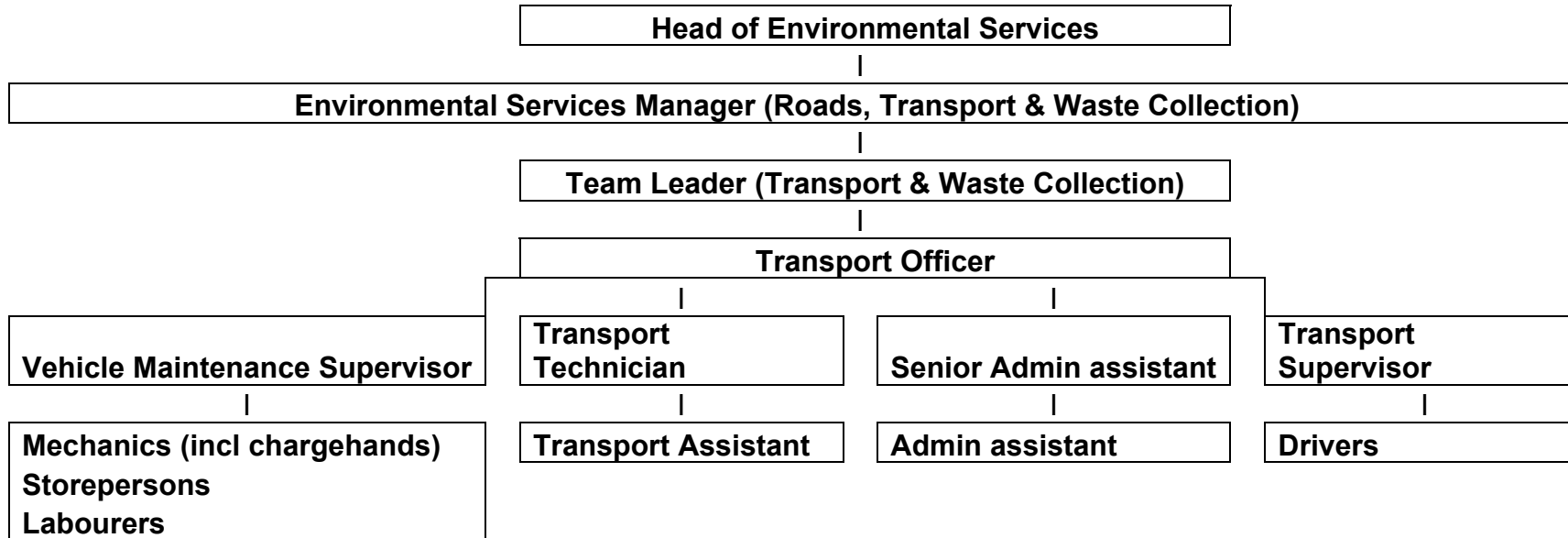
The third option was the transfer of the vehicle maintenance duties to a third party operating from GE Capital's existing premises. A number of companies showed an interest in performing this function. When costings were analysed GE Capital found that any savings to be made came down to the hourly rate charged for maintenance staff. All other overheads would remain constant with the exception of extra monitoring staff being employed to ensure compliance with the contract. Outside agencies could not provide staff at a rate which was competitive when compared to GE Capital's own internal charge rate.

From this GE Capital came to the conclusion that fleet maintenance should remain 'in house'. They believe that this route provides 'Best Value' to their business.

We believe a similar project carried out by Inverclyde Council would yield the same result. There are many specialist skills needed to maintain Public Sector vehicles and these are difficult to find outside that sector. In particular, the skills needed for refuse collection, street cleansing, ground maintenance and road gritting vehicles are both specialist and borne by many years of experience.

With the ever increasing capital cost of vehicles and their associated spare parts, the minimisation of vehicle downtime and the maximisation of operational efficiency are becoming ever more critical to a cost effective Transport Department. In order to reduce the number of vehicles operated as a core fleet and ensure those vehicles are available to departmental users when required, there is, in many cases, no realistic alternative to an in-house vehicle maintenance provision.

# Environmental Services (Transport) Structure



**Inverclyde Council  
Revenue Budget 2008/09**

Committee: Safe, Sustainable Communities  
 Corporate Director: Environment & Community Protection  
 Service: Environmental Services  
 Cost Centre: Vehicle Maintenance Trading Account

	<b>2008/09 Budget</b>
<b>TOTAL EMPLOYEE COSTS</b>	<b>865,390</b>
<b>Salaries</b>	<b>198,400</b>
Management Allocation	198,400
<b>Wages</b>	<b>666,990</b>
Wages	560,710
Wages – Superannuation	61,060
Wages – National Insurance	45,220
<b>PROPERTY COSTS</b>	<b>59,360</b>
Pottery Street Allocation	43,560
Ingleston Allocation	5,740
Rates	10,060
<b>SUPPLIES AND SERVICES</b>	<b>305,280</b>
Sub Contractors	101,400
Protective Clothing	2,290
Tools & Equipment	4,500
Materials	194,250
Office Equipment	910
Other Supplies & Services	1,930
<b>TRANSPORTATION AND PLANT</b>	<b>615,240</b>
Fixed Plant Maintenance	3,080
Vehicle Charge	11,260
Tyres	76,670
Licences	40,220
Fuel	472,570
Internal Transport Hires	2,970
Other Transport & Plant	8,470
<b>ADMINISTRATION COSTS</b>	<b>169,750</b>
Central Admin Allocation	19,640
Publicity	110
Vehicle Insurance Expenditure	150,000
<b>CARRIED FORWARD</b>	<b>2,015,020</b>

**Appendix 3**

## Revenue Budget 2008/09

Committee: Safe, Sustainable Communities  
 Corporate Director: Environment & Community Protection  
 Service: Environmental Services  
 Cost Centre: Vehicle Maintenance Trading Account

	<b>2008/09 Budget</b>
<b>BROUGHT FORWARD</b>	<b>2,015,020</b>
<b>OTHER EXPENDITURE</b>	<b>2,060</b>
Internal Resource Interest	540
Payments to other bodies	<b>1,520</b>
<b>INCOME</b>	<b>(2,086,700)</b>
Material Charge Recoveries	(391,310)
External Material Charge Recoveries	(19,530)
Labour Charge Recoveries	(529,570)
External Labour Charge Recoveries	(20,020)
Administration	(62,560)
Tyres	(79,610)
Fuel	(519,640)
Drivers	(314,460)
Vehicle Insurance Income	(150,000)
<b>NET EXPENDITURE</b>	<b>(69,620)</b>



**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type:** Ford Fiesta 1.4TDCi  
Van

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£7,300.00	£7,300.00	£7,300.00	£7,300.00	£7,300.00	£7,300.00
Contract Hire Cost	N/A	£6,835.14	£8,664.00	N/A	£8,983.00	£13,105.00
Finance Cost for 3 years (£364 per £1000)	£7,971.60	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£8,322.00	N/A	N/A
Residual Value after 3 years	£3,150.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£2,100.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,050.00	£4,050.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£6,750.00	£6,750.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£9,371.60</b>	<b>£11,385.14</b>	<b>£10,466.00</b>	<b>£13,472.00</b>	<b>£16,233.00</b>	<b>£15,775.00</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000**

miles

Vehicle

Type: Ford Fusion Style 1.4TDCi

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£7,500.00	£7,500.00	£7,500.00	£7,500.00	£7,500.00	£7,500.00
Contract Hire Cost	N/A	£7,565.55	£9,063.15	N/A	£9,547.30	£13,663.30
Finance Cost for 3 years (£364 per £1000)	£8,190.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£8,550.00	N/A	N/A
Residual Value after 3 years	£4,582.50	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£3,055.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,050.00	£4,050.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£6,750.00	£6,750.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£8,157.50</b>	<b>£12,115.55</b>	<b>£10,865.15</b>	<b>£12,745.00</b>	<b>£16,797.30</b>	<b>£16,333.30</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type: Ford Galaxy 1900TD LX 115PS**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£13,800.00	£13,800.00	£13,800.00	£13,800.00	£13,800.00	£13,800.00
Contract Hire Cost	N/A	£11,618.97	£13,368.57	N/A	£15,579.15	£20,049.15
Finance Cost for 3 years (£364 per £1000)	£15,069.60	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£15,732.00	N/A	N/A
Residual Value after 3 years	£6,422.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£4,281.33	N/A	N/A
Management & Maintenance Cost for 3 years	£4,200.00	£4,200.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,000.00	£7,000.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£13,347.60</b>	<b>£16,318.97</b>	<b>£15,170.57</b>	<b>£18,950.67</b>	<b>£23,079.15</b>	<b>£22,719.15</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles**

**and with an Annual Mileage of 12000 miles**

**Vehicle Type: Volvo S80 D5SE**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£21,000.00	£0.00	£0.00	£21,000.00	£0.00	£0.00
Contract Hire Cost	N/A	£13,057.29	£15,307.29	N/A	£18,127.45	£23,737.45
Finance Cost for 3 years (£364 per £1000)	£22,932.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£23,940.00	N/A	N/A
Residual Value after 3 years	£8,368.45	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£5,578.96	N/A	N/A
Management & Maintenance Cost for 3 years	£4,200.00	£4,200.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,000.00	£7,000.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£19,263.55</b>	<b>£17,757.29</b>	<b>£17,109.29</b>	<b>£25,861.04</b>	<b>£25,627.45</b>	<b>£26,407.45</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles**

**Vehicle**

**Type: Ford Transit T200 SWB Connect 1.8 TDCi(Euro 4) 75ps Van**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£8,500.00	£8,500.00	£8,500.00	£8,500.00	£8,500.00	£8,500.00
Contract Hire Cost	N/A	£7,148.61	£8,901.81	N/A	£9,580.55	£13,826.00
Finance Cost for 3 years (£364 per £1000)	£9,282.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£9,690.00	N/A	N/A
Residual Value after 3 years	£4,407.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£2,938.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,230.00	£4,230.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,050.00	£7,050.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£9,605.00</b>	<b>£11,878.61</b>	<b>£10,703.81</b>	<b>£14,302.00</b>	<b>£17,130.55</b>	<b>£16,496.00</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles**

**and with an Annual Mileage of 12000 miles**

**Vehicle**

**Type: Ford Transit 230 LWB Connect 1.8 TDCi 75ps Van**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£9,500.00	£9,500.00	£9,500.00	£9,500.00	£9,500.00	£9,500.00
Contract Hire Cost	N/A	£8,401.47	£10,025.07	N/A	£11,407.50	£15,697.50
Finance Cost for 3 years (£364 per £1000)	£10,374.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£10,830.00	N/A	N/A
Residual Value after 3 years	£5,292.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£3,528.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,230.00	£4,230.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,050.00	£7,050.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,302.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,170.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£9,812.00</b>	<b>£13,131.47</b>	<b>£11,827.07</b>	<b>£14,852.00</b>	<b>£18,957.50</b>	<b>£18,367.50</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type: Ford Transit 280 MWB 85ps Van**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£10,700.00	£10,700.00	£10,700.00	£10,700.00	£10,700.00	£10,700.00
Contract Hire Cost	N/A	£9,722.16	£11,406.96	N/A	£13,300.75	£17,650.75
Finance Cost for 3 years (£364 per £1000)	£11,684.40	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£12,198.00	N/A	N/A
Residual Value after 3 years	£6,426.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£4,284.00	N/A	N/A
Management & Maintenance Cost for 3 years	£6,810.00	£6,810.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£11,350.00	£11,350.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,214.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£3,690.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£12,568.40</b>	<b>£17,032.16</b>	<b>£14,120.96</b>	<b>£19,764.00</b>	<b>£25,150.75</b>	<b>£21,840.75</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles**

**and with an Annual Mileage of 12000 miles**

**Vehicle**

**Type: Ford Transit 2.6T SWB Van**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£10,500.00	£10,500.00	£10,500.00	£10,500.00	£10,500.00	£10,500.00
Contract Hire Cost	N/A	£9,795.06	£11,479.86	N/A	£13,185.75	£17,535.75
Finance Cost for 3 years (£364 per £1000)	£11,466.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£11,970.00	N/A	N/A
Residual Value after 3 years	£6,380.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£4,253.33	N/A	N/A
Management & Maintenance Cost for 3 years	£6,810.00	£6,810.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£11,350.00	£11,350.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,214.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£3,690.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£12,396.00</b>	<b>£17,105.06</b>	<b>£14,193.86</b>	<b>£19,566.67</b>	<b>£25,035.75</b>	<b>£21,725.75</b>



**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type: Ford Transit 350 Crewcab 2.4 TDCi 100ps Tipper**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£16,000.00	£16,000.00	£16,000.00	£16,000.00	£16,000.00	£16,000.00
Contract Hire Cost	N/A	£14,944.26	£17,039.46	N/A	£20,224.65	£25,354.65
Finance Cost for 3 years (£364 per £1000)	£17,472.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£18,240.00	N/A	N/A
Residual Value after 3 years	£8,740.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£5,826.66	N/A	N/A
Management & Maintenance Cost for 3 years	£9,018.00	£9,018.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,030.00	£15,030.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,994.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£4,990.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£18,250.00</b>	<b>£24,462.26</b>	<b>£20,533.46</b>	<b>£27,943.34</b>	<b>£35,754.65</b>	<b>£30,844.65</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle** Ford Transit 350 Single Cab 2.4 TDCi 100ps  
**Type:** Tipper

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£14,500.00	£14,500.00	£14,500.00	£14,500.00	£14,500.00	£14,500.00
Contract Hire Cost	N/A	£14,057.43	£16,152.63	N/A	£19,080.75	£24,120.75
Finance Cost for 3 years (£364 per £1000)	£15,834.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£16,530.00	N/A	N/A
Residual Value after 3 years	£8,360.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£5,573.00	N/A	N/A
Management & Maintenance Cost for 3 years	£9,018.00	£9,018.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,030.00	£15,030.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,994.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£4,990.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£16,992.00</b>	<b>£23,575.43</b>	<b>£19,646.63</b>	<b>£26,487.00</b>	<b>£34,610.75</b>	<b>£29,610.75</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle**

**Type: Ford Transit 350 Crewcab 2.4 TDCi 100ps Caged Tipper**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£17,000.00	£17,000.00	£17,000.00	£17,000.00	£17,000.00	£17,000.00
Contract Hire Cost	N/A	£14,991.99	£16,795.59	N/A	£19,740.80	£24,354.80
Finance Cost for 3 years (£364 per £1000)	£18,564.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£19,380.00	N/A	N/A
Residual Value after 3 years	£9,360.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£6,240.00	N/A	N/A
Management & Maintenance Cost for 3 years	£9,018.00	£9,018.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,030.00	£15,030.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,994.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£4,990.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£18,722.00</b>	<b>£24,509.99</b>	<b>£20,289.59</b>	<b>£28,670.00</b>	<b>£35,270.80</b>	<b>£29,844.80</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle**

**Type: Ford Transit 350 Single Cab 2.4 TDCi 100ps Caged Tipper**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£15,500.00	£15,500.00	£15,500.00	£15,500.00	£15,500.00	£15,500.00
Contract Hire Cost	N/A	£15,356.55	£17,451.75	N/A	£20,484.05	£25,524.05
Finance Cost for 3 years (£364 per £1000)	£16,926.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£17,670.00	N/A	N/A
Residual Value after 3 years	£8,740.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£5,826.66	N/A	N/A
Management & Maintenance Cost for 3 years	£9,018.00	£9,018.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,030.00	£15,030.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,994.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£4,990.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£17,704.00</b>	<b>£24,874.55</b>	<b>£20,945.75</b>	<b>£27,373.34</b>	<b>£36,014.05</b>	<b>£31,014.05</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle  
Type: Ford Transit 15st Minibus 90ps**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£15,500.00	£15,500.00	£15,500.00	£15,500.00	£15,500.00	£15,500.00
Contract Hire Cost	N/A	£13,377.63	£15,496.43	N/A	£18,953.85	£22,415.85
Finance Cost for 3 years (£364 per £1000)	£16,926.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£17,670.00	N/A	N/A
Residual Value after 3 years	£9,400.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£6,266.66	N/A	N/A
Management & Maintenance Cost for 3 years	£9,345.00	£9,345.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,575.00	£15,575.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£3,126.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£5,210.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£17,371.00</b>	<b>£23,222.63</b>	<b>£19,122.43</b>	<b>£27,478.34</b>	<b>£35,028.85</b>	<b>£28,125.85</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type: Ford Transit 430EF 17seat 4.3T 100ps Minibus**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£17,000.00	£17,000.00	£17,000.00	£17,000.00	£17,000.00	£17,000.00
Contract Hire Cost	N/A	£10,089.72	£12,953.52	N/A	£17,799.60	£21,248.80
Finance Cost for 3 years (£364 per £1000)	£18,564.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£19,380.00	N/A	N/A
Residual Value after 3 years	£11,330.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£7,553.00	N/A	N/A
Management & Maintenance Cost for 3 years	£9,345.00	£9,345.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£15,575.00	£15,575.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£3,126.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£5,210.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£17,079.00</b>	<b>£19,934.72</b>	<b>£16,579.52</b>	<b>£27,902.00</b>	<b>£33,874.60</b>	<b>£26,958.80</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle**

**Type: DAF FA LA45.150 7.5T Crewcab Tipper**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£46,000.00	£46,000.00	£46,000.00	£46,000.00	£46,000.00	£46,000.00
Contract Hire Cost	N/A	£51,000.00	£64,690.20	N/A	£57,708.00	£78,974.28
Finance Cost for 5 years (£228 per £1000)	£52,440.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£54,740.00	N/A	N/A
Residual Value after 5 years	£21,160.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£13,800.00	N/A	N/A
Management & Maintenance Cost for 5 years	£19,260.00	£19,260.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£26,964.00	£26,964.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£6,510.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£9,114.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£51,040.00</b>	<b>£70,760.00</b>	<b>£71,700.20</b>	<b>£68,404.00</b>	<b>£85,172.00</b>	<b>£88,588.28</b>

**No Comparison on Fleet used 7.5T Tipper for Management & Maintenance figures**

## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles

Vehicle

Type: DAF with Econ Multispread 7.5T Tipper/Gritter

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£67,000.00	£67,000.00	£67,000.00	£67,000.00	£67,000.00	£67,000.00
Contract Hire Cost	N/A	£77,820.00	£105,564.60	N/A	£86,352.00	£127,714.44
Finance Cost for 5 years (£228 per £1000)	£76,380.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£79,730.00	N/A	N/A
Residual Value after 5 years	£24,120.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£13,400.00	N/A	N/A
Management & Maintenance Cost for 5 years	£19,260.00	£19,260.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£26,964.00	£26,964.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£6,510.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£9,114.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£72,020.00</b>	<b>£97,580.00</b>	<b>£112,574.60</b>	<b>£93,794.00</b>	<b>£113,816.00</b>	<b>£137,328.44</b>

No Comparison on Fleet used 7.5T Tipper for Management & Maintenance figures



## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles

Vehicle

Type: DAF with Econ Multispread 10T Tipper/Gritter

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£70,000.00	£70,000.00	£70,000.00	£70,000.00	£70,000.00	£70,000.00
Contract Hire Cost	N/A	£80,640.00	£108,384.60	N/A	£89,544.00	£130,906.44
Finance Cost for 5 years (£228 per £1000)	£79,800.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£83,300.00	N/A	N/A
Residual Value after 5 years	£25,200.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£14,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£19,260.00	£19,260.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£26,964.00	£26,964.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£6,510.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£9,114.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£74,360.00</b>	<b>£100,400.00</b>	<b>£115,394.60</b>	<b>£96,764.00</b>	<b>£117,008.00</b>	<b>£140,520.44</b>

No Comparison on Fleet used 7.5T Tipper for Management & Maintenance figures

## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles

Vehicle

Type: Volvo with Econ Unibody 18T Tipper/Gritter

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£69,000.00	£69,000.00	£69,000.00	£69,000.00	£69,000.00	£69,000.00
Contract Hire Cost	N/A	£76,273.80	£103,878.80	N/A	£84,969.48	£131,752.72
Finance Cost for 5 years (£228 per £1000)	£78,660.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£82,110.00	N/A	N/A
Residual Value after 5 years	£7,900.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£6,100.00	N/A	N/A
Management & Maintenance Cost for 5 years	£30,910.00	£30,910.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£43,274.00	£43,274.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£9,765.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£13,671.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£102,170.00</b>	<b>£107,683.80</b>	<b>£114,143.80</b>	<b>£119,784.00</b>	<b>£128,743.00</b>	<b>£145,923.72</b>

Note: All above figures are based on basic unibody (No optional extra's plough, sheeting or hiab etc)

No Comparison on Fleet used 18T Tipper for Management & Maintenance figures

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000 miles**

**Vehicle**

**Type: DAF with Johnston body 15T Road Sweeper**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£105,000.00	£105,000.00	£105,000.00	£105,000.00	£105,000.00	£105,000.00
Contract Hire Cost	N/A	£109,712.40	£129,344.40	N/A	£128,270.64	£162,836.16
Finance Cost for 5 years (£228 per £1000)	£119,700.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£124,950.00	N/A	N/A
Residual Value after 5 years	£21,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£11,500.00	N/A	N/A
Management & Maintenance Cost for 5 years	£50,160.00	£50,160.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£70,224.00	£70,224.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£17,360.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£24,304.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£149,360.00</b>	<b>£160,372.40</b>	<b>£147,204.40</b>	<b>£184,174.00</b>	<b>£198,994.64</b>	<b>£187,640.16</b>

## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles

Vehicle

Type: Dennis with Terberg Lifters 26T Refuse Collection Vehicle

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£130,000.00	£130,000.00	£130,000.00	£130,000.00	£130,000.00	£130,000.00
Contract Hire Cost	N/A	£0.00	£205,400.00	N/A	£0.00	£273,728.00
Finance Cost for 5 years (£228 per £1000)	£148,200.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£154,700.00	N/A	N/A
Residual Value after 5 years	£26,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£13,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£90,500.00	£90,500.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£146,700.00	£146,700.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£31,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£44,051.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£213,200.00</b>	<b>N/Q</b>	<b>£237,365.00</b>	<b>£288,900.00</b>	<b>N/Q</b>	<b>£318,279.00</b>

No Contract Hire without maintenance figures were received

Residual Values were based on (20% after 5 years) and (10% after 7 years)

## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Mileage of 12000 miles

Vehicle

Type: Dennis with Terberg Lifters 18T Refuse Collection Vehicle

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£115,000.00	£115,000.00	£115,000.00	£115,000.00	£115,000.00	£115,000.00
Contract Hire Cost	N/A	£0.00	£186,680.00	N/A	£0.00	£247,520.00
Finance Cost for 5 years (£228 per £1000)	£131,100.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£136,850.00	N/A	N/A
Residual Value after 5 years	£23,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£11,500.00	N/A	N/A
Management & Maintenance Cost for 5 years	£90,500.00	£90,500.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£146,700.00	£146,700.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£31,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£44,051.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£199,100.00</b>	<b>N/Q</b>	<b>£218,645.00</b>	<b>£272,550.00</b>	<b>N/Q</b>	<b>£292,071.00</b>

No Contract Hire without maintenance figures were received

Residual Values were based on (20% after 5 years) and (10% after 7 years)

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000  
miles**

**Vehicle Type: Land Rover Defender 110 2.4TDi Hard Top**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£20,000.00	£20,000.00	£20,000.00	£20,000.00	£20,000.00	£20,000.00
Contract Hire Cost	N/A	£11,077.47	£13,856.67	N/A	£15,494.20	£22,436.20
Finance Cost for 3 years (£364 per £1000)	£21,840.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£22,800.00	N/A	N/A
Residual Value after 3 years	£11,600.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£7,733.00	N/A	N/A
Management & Maintenance Cost for 3 years	£6,810.00	£6,810.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£11,350.00	£11,350.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£2,214.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£3,690.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£17,550.00</b>	<b>£18,387.47</b>	<b>£16,570.67</b>	<b>£26,917.00</b>	<b>£27,344.20</b>	<b>£26,626.20</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000 miles**

**Vehicle**

**Type: 18T Skip Loader - Volvo FLH 240**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£56,000.00	£56,000.00	£56,000.00	£56,000.00	£56,000.00	£56,000.00
Contract Hire Cost	N/A	£57,657.60	£82,493.16	N/A	£68,056.92	£111,868.83
Finance Cost for 5 years (£228 per £1000)	£63,840.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£66,640.00	N/A	N/A
Residual Value after 5 years	£11,500.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£6,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£58555.00	£58555.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£81,977.00	£81,977.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£19,530.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£27,342.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£111,395.00</b>	<b>£116,712.60</b>	<b>£102,523.16</b>	<b>£143,117.00</b>	<b>£150,533.92</b>	<b>£139,710.83</b>

**Skip loader (not chassis) external maintenance cost was calculated using first year price and adding index plus RPI (3% +3%)**

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Mileage of 12000 miles**

**Vehicle**  
**Type: 15T Gully Machine - Volvo FE 280**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£105,000.00	£105,000.00	£105,000.00	£105,000.00	£105,000.00	£105,000.00
Contract Hire Cost	N/A	£104,159.40	£125,102.46	N/A	£124,265.52	£161,239.70
Finance Cost for 5 years (£228 per £1000)	£119,700.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£124,950.00	N/A	N/A
Residual Value after 5 years	£27,500.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£12,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£44,015.00	£44,015.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£61,621.00	£61,621.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£15,190.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£21,266.00
Vehicle Tracking	£500.00	£500.00	£500.00	£500.00	£500.00	£500.00
<b>Total Cost of Ownership</b>	<b>£136,715.00</b>	<b>£148,674.40</b>	<b>£140,792.46</b>	<b>£175,071.00</b>	<b>£186,386.52</b>	<b>£183,005.70</b>



**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1000hrs**

**Plant Type: Ride-On Mower**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£9,500.00	£9,500.00	£9,500.00	£9,500.00	£9,500.00	£9,500.00
Contract Hire Cost	N/A	£6,094.02	£13,457.10	N/A	£8,625.60	£21,294.60
Finance Cost for 3 years (£364 per £1000)	£10,374.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£10,830.00	N/A	N/A
Residual Value after 3 years	£3,500.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	n/a	N/A	N/A	£2,000.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,425.00	£4,425.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,375.00	£7,375.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,563.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,605.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£11,299.00</b>	<b>£10,519.02</b>	<b>£15,020.10</b>	<b>£16,205.00</b>	<b>£16,000.00</b>	<b>£23,899.60</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1000hrs**

**Ride-On Mower**

**Plant Type: (Outfront)**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£15,700.00	£15,700.00	£15,700.00	£15,700.00	£15,700.00	£15,700.00
Contract Hire Cost	N/A	£10,686.42	£17,959.14	N/A	£14,383.75	£26,892.55
Finance Cost for 3 years (£364 per £1000)	£17,144.40	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£17,898.00	N/A	N/A
Residual Value after 3 years	£5,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£3,000.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,425.00	£4,425.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,375.00	£7,375.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,563.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,605.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£16,569.40</b>	<b>£15,111.42</b>	<b>£19,522.14</b>	<b>£22,273.00</b>	<b>£21,758.75</b>	<b>£29,497.55</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1000hrs**

**Plant Type: Triplex Greens Mower**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00
Contract Hire Cost	N/A	£14,378.58	£23,519.34	N/A	£34,098.10	£34,098.10
Finance Cost for 3 years (£364 per £1000)	£19,656.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£20,520.00	N/A	N/A
Residual Value after 3 years	£5,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£3,000.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,425.00	£4,425.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,375.00	£7,375.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,563.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,605.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£19,081.00</b>	<b>£18,803.58</b>	<b>£25,082.34</b>	<b>£24,895.00</b>	<b>£41,473.10</b>	<b>£36,703.10</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1000hrs**

**Plant Type: Gator with Cab**

Costing Details	Options with a 3 year replacement cycle			Options with a 5 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£8,500.00	£8,500.00	£8,500.00	£8,500.00	£8,500.00	£8,500.00
Contract Hire Cost	N/A	£6,604.14	£13,171.98	N/A	£8,558.35	£19,846.75
Finance Cost for 3 years (£364 per £1000)	£9,282.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 5 years (£228 per £1000)	N/A	N/A	N/A	£9,690.00	N/A	N/A
Residual Value after 3 years	£2,500.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 5 years	N/A	N/A	N/A	£1,500.00	N/A	N/A
Management & Maintenance Cost for 3 years	£4,425.00	£4,425.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 5 years	N/A	N/A	N/A	£7,375.00	£7,375.00	INCL ABOVE
Management Cost for 3 years	N/A	N/A	£1,563.00	N/A	N/A	N/A
Management Cost for 5 years	N/A	N/A	N/A	N/A	N/A	£2,605.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£11,207.00</b>	<b>£11,029.14</b>	<b>£14,734.98</b>	<b>£15,565.00</b>	<b>£15,933.35</b>	<b>£22,451.75</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1300hrs**

**Plant Type: Agricultural Tractor**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£26,000.00	£26,000.00	£26,000.00	£26,000.00	£26,000.00	£26,000.00
Contract Hire Cost	N/A	£22,242.05	£28,007.05	N/A	£19,460.80	£35,148.12
Finance Cost for 5 years (£228 per £1000)	£29,640.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£30,940.00	N/A	N/A
Residual Value after 5 years	£10,400.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£2,600.00	N/A	N/A
Management & Maintenance Cost for 5 years	£23,965.00	£23,965.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£33,551.00	£33,551.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£8,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£11,851.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£43,205.00</b>	<b>£46,207.05</b>	<b>£36,472.05</b>	<b>£61,891.00</b>	<b>£53,191.80</b>	<b>£46,999.12</b>

**No Residual Value was received for after 7 years therefore the figure was based on (10% after 7 years)**

## Whole Life Cost Evaluations based on preferred Replacement Cycles and with an Annual Hourly usage of 1300hrs

Plant Type: Backhoe Loader

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£40,000.00	£40,000.00	£40,000.00	£40,000.00	N/Q	N/Q
Contract Hire Cost	N/A	£36,725.35	£51,511.35	N/A	N/Q	N/Q
Finance Cost for 5 years (£228 per £1000)	£45,600.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£47,600.00	N/A	N/A
Residual Value after 5 years	£20,000.00	N/A	N/A	N/A	N/Q	N/Q
Residual Value after 7 years	N/A	N/A	N/A	£15,000.00	N/Q	N/Q
Management & Maintenance Cost for 5 years	£24,790.00	£24,790.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£34,706.00	£34,706.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£8,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£11,851.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£50,390.00</b>	<b>£61,515.35</b>	<b>£59,976.35</b>	<b>£67,306.00</b>	<b>N/Q</b>	<b>N/Q</b>

Note: No figures were received for 7 year Contract Hire from JCB

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1800hrs**

**Plant Type: Loading Shovel**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£80,000.00	£80,000.00	£80,000.00	£80,000.00	N/Q	N/Q
Contract Hire Cost	N/A	£71,433.50	£97,748.50	N/A	N/Q	N/Q
Finance Cost for 5 years (£228 per £1000)	£91,200.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£95,200.00	N/A	N/A
Residual Value after 5 years	£20,000.00	N/A	N/A	N/A	N/Q	N/Q
Residual Value after 7 years	N/A	N/A	N/A	£15,000.00	N/Q	N/Q
Management & Maintenance Cost for 5 years	£92,175.00	£92,175.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£129,045.00	£129,045.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£32,550.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£45,570.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£163,375.00</b>	<b>£163608.50</b>	<b>£130,298.50</b>	<b>£209,245.00</b>	<b>N/Q</b>	<b>N/Q</b>

**Note: No figures were received for 7 year Contract Hire from JCB**

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1800hrs**

**Plant Type: Telescopic Handler**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£36,000.00	£36,000.00	£36,000.00	£36,000.00	N/Q	N/Q
Contract Hire Cost	N/A	£37,310.05	£60,347.05	N/A	N/Q	N/Q
Finance Cost for 5 years (£228 per £1000)	£41,040.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£42,840.00	N/A	N/A
Residual Value after 5 years	£18,000.00	N/A	N/A	N/A	N/Q	N/Q
Residual Value after 7 years	N/A	N/A	N/A	£10,000.00	N/Q	N/Q
Management & Maintenance Cost for 5 years	£93,000.00	£93,000.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£130,200.00	£115,766.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£32,550.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£45,570.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£116,040.00</b>	<b>£130,310.00</b>	<b>£92,897.05</b>	<b>£163,040.00</b>	<b>N/Q</b>	<b>N/Q</b>

**Note: No figures were received for 7 year Contract Hire from JCB**



**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1300hrs**

**Plant Type: Mini Excavator**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£21,000.00	£21,000.00	£21,000.00	£21,000.00	N/Q	N/Q
Contract Hire Cost	N/A	£19,955.95	£29,370.95	N/A	N/Q	N/Q
Finance Cost for 5 years (£228 per £1000)	£23,940.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£24,990.00	N/A	N/A
Residual Value after 5 years	£6,000.00	N/A	N/A	N/A	N/Q	N/Q
Residual Value after 7 years	N/A	N/A	N/A	£4,000.00	N/Q	N/Q
Management & Maintenance Cost for 5 years	£23,965.00	£23,965.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£33,551.00	£33,551.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£8,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£11,851.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£41,905.00</b>	<b>£43,920.95</b>	<b>£37,835.95</b>	<b>£54,541.00</b>	<b>N/Q</b>	<b>N/Q</b>

**Note: No figures were received for 7 year Contract Hire from JCB**

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1800hrs**

**Plant Type: Tracked 360 Machine**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£55,000.00	£55,000.00	£55,000.00	£55,000.00	£55,000.00	£55,000.00
Contract Hire Cost	N/A	£54,545.30	£64,831.85	N/A	£64,120.84	£78,820.84
Finance Cost for 5 years (£228 per £1000)	£62,700.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£65,450.00	N/A	N/A
Residual Value after 5 years	£18,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£13,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£92,175.00	£92,175.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£129,045.00	£129,045.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£32,550.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£45,570.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£136,875.00</b>	<b>£146,720.30</b>	<b>£97,381.85</b>	<b>£181,495.00</b>	<b>£193,165.84</b>	<b>£124,390.84</b>

**Whole Life Cost Evaluations based on preferred Replacement Cycles  
and with an Annual Hourly usage of 1300hrs**

**Plant Type: Skid Steer Loader**

Costing Details	Options with a 5 year replacement cycle			Options with a 7 year replacement cycle		
	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance	Outright Purchase (Prudential Borrowing) with in-house maintenance	Contract Hire with in-house maintenance	Contract Hire with external maintenance
Replacement Cost	£22,000.00	£22,000.00	£22,000.00	£22,000.00	£22,000.00	£22,000.00
Contract Hire Cost	N/A	£27,990.95	£33,530.75	N/A	£34,151.95	£42,551.95
Finance Cost for 5 years (£228 per £1000)	£25,080.00	N/A	N/A	N/A	N/A	N/A
Finance Cost for 7 years (£170 per £1000)	N/A	N/A	N/A	£26,180.00	N/A	N/A
Residual Value after 5 years	£10,000.00	N/A	N/A	N/A	N/A	N/A
Residual Value after 7 years	N/A	N/A	N/A	£8,000.00	N/A	N/A
Management & Maintenance Cost for 5 years	£23,965.00	£23,965.00	N/A	N/A	N/A	N/A
Management & Maintenance Cost for 7 years	N/A	N/A	N/A	£33,551.00	£33,551.00	INCL ABOVE
Management Cost for 5 years	N/A	N/A	£8,465.00	N/A	N/A	N/A
Management Cost for 7 years	N/A	N/A	N/A	N/A	N/A	£11,851.00
Vehicle Tracking	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Total Cost of Ownership</b>	<b>£39,045.00</b>	<b>£51,955.95</b>	<b>£41,995.75</b>	<b>£51,731.00</b>	<b>£67,702.95</b>	<b>£54,402.95</b>

## Vehicle Tracking

Vehicle tracking is a powerful and proven management tool that can provide us with information that is significant in producing cost savings, greater efficiency and ultimately Best Value.

Vehicle tracking can provide us with the information required to:-

- Utilise our vehicles more efficiently
- Improve worker productivity
- Reduce overall vehicle running costs
- Reduce fuel consumption
- Improve lone worker safety
- Ensure complete health and safety compliance
- Improve the control and visibility of key council mobile services
- Potentially lower insurance premiums

Vehicle tracking is achieved by the fitting of hardware to vehicles and plant which is monitored by a GPRS system and can be viewed via internet-based software. The information it can provide us with includes:-

- **Vehicle Location** – including direction of travel, vehicle status and speed
- **Where is my nearest vehicle?** – powerful search capability that finds the nearest available vehicle to any requested postcode. This helps route a vehicle to a collection or nearest service provider to a customer
- **Route Planning** – improve efficiency and costs by creating tailored routes for drivers so that they follow the quickest and safest routes
- **Journey Playback** – enables the comparison of actual versus planned routes through the playback of a previous journey or number of journeys simultaneously
- **Comprehensive Reporting** – these include :-  
 Timesheets – summary and detailed  
 Exceptions – out of area, speeding, excessive idling, barred locations, zone reports (time and date stamped visits to specified locations)  
 Journey reports – summary and detailed  
 Location attendance  
 Driver performance

This information is particularly useful in our drive to utilise our vehicles more efficiently, improve worker productivity, reduce overall vehicle running costs and reduce fuel consumption. On average fleets who have installed vehicle tracking have seen a 7% drop in fuel usage. In year 2007/08 Inverclyde Council spent £584k on fuel, for use in vehicle applications. A 7% reduction in spend equates to a saving of £41k per annum, rising in proportion to the increase in fuel costs (to date we have seen a 15% increase in fuel costs this financial year). With the likelihood of high oil prices for the foreseeable future, investment in a vehicle tracking system would make both financial and environmental sense, driving down our revenue costs while reducing our carbon footprint.

## Cost of System

The particular system we would choose to utilise will require to be specified in consultation with service users and will be subject to a tender process. Based on budget figures obtained from market leaders, a cost of £500 per vehicle is envisaged for the basic tracking platform which allows us to gather and monitor all the information listed above. We believe that based on an initial investment of approx £100k to track the councils 200 vehicles, we would see a return on that investment, purely in terms of reduced fuel usage, within the first three years and with increasing fuel costs possibly within the first two years. In addition we would have immediate unquantifiable efficiency savings in terms of worker productivity, improved service delivery and reduced carbon footprint.

## Modular System

In addition to the basic tracking system described above, these systems can provide a number of add-on modules which can be adapted to provide solutions for individual service requirements. Two areas of particular relevance is the support of lone workers and mobile resource management.

- **Support of Lone Workers** – this can be done through the addition of in-vehicle or remote panic alarms that, when pressed, trigger an e-mail or SMS message to a pre-selected individual or distribution list. The message includes the location and postcode of the event. This is particularly applicable for employees regularly operating away from base, where there operating circumstances, warrant individual additional support.
- **Mobile Resource Management** – is the ability to manage workloads through the GPRS system in addition to monitoring vehicle movements. It allows us to:-
  - Create/Allocate – create and/or import jobs and view on street level map showing location of all mobile employees and live traffic conditions. Allocate jobs to the most appropriate employee.
  - Communicate – job details are sent automatically to fixed mobile data terminal or portable hand held device. Employee accepts/declines job, views details and provides updating information.
  - Travel – in the vehicle, on-board or off-board satellite navigation provides audio and visual turn-by-turn directions. Navigation calculates and adjusts the route automatically to avoid traffic delays at start and during journey.
  - Perform/Inform – employee reports on job progress using defined job status codes, including estimated time to complete. Status updates sent automatically to provide instant visibility for local call centre employees and management.
  - Report/Administrate – job completion, including signature or digital image capture, updates back office applications to minimise administration and shorten invoice cycle. Generate summary and detailed reports including 'Plan vs. Actual' job performance and employee timesheets. Compare data recorded by employee against GPS data to validate performance and further improve productivity.

## Conclusion

Vehicle tracking is not only an essential part of modern fleet management but also forms an excellent platform on which to build a number of key management tools. It also makes sound financial sense as we push to drive down revenue operating costs, is a key tool in reducing the council's carbon footprint and is instrumental in reducing both the reputational and operational risk the council is exposing itself too.

**Savings**

The implementation of the Vehicle, Plant and Equipment Procurement, Management & Maintenance Review allows a number of operating efficiencies to be realised within what is currently classed the Vehicle Trading Account. The review will reduce hire vehicle costs, maintenance labour costs, material and sub-contractors costs, fuel costs and tyre costs. Below is a summary of the savings we believe are achievable.

The savings below are based on 'permanent' hires being replaced with fleet vehicles, a reduction of two maintenance staff leading to employee cost savings and associated reduction in labour charges to users, a 25% reduction in materials and sub-contractors costs and associated saving to users, a 7% reduction in fuel costs and associated saving to users, a 25% reduction in tyre costs and associated saving to users and removal of surplus amount currently generated from users due to statutory trading account status.

Type of Saving	Anticipated Saving
Vehicle Hires	£193,000
Plant Hires	£72,000
Employee Costs	£60,000
Materials	£48,560
Sub-Contractors	£25,350
Fuel	£39,920
Tyres	£19,170
Total Savings	£458,000

It is proposed that the savings highlighted above, along with the £88k currently in the Vehicle Reserve Budget, the use of which has currently been suspended pending the outcome of this review, be used to fund prudential borrowing for vehicle purchases. In addition it is anticipated that the new fleet along with efficiencies made on implementation of the Fleet Management System and the Tracker System will generate further savings within Services and a further saving of £160,000 has been included in the Funding Model to reflect this, again this will be used to fund prudential borrowing.

**Costs**

The initial implementation of the Review will require considerable investment, either through Capital or Prudentially Borrowed funds. To renew the fleet and operate within the proposed replacement programme the initial cost in 2009/10 would be £4.468m with costs of maintaining the programme of £2.540m over years 2010/11, 2011/12, 2012/13 and 2013/14. This spend would then be repeated on a cyclical basis per the proposed replacement periods.

Residual Values of both the existing fleet and the replacement fleet will be used to offset the capital costs as vehicles are replaced, it is anticipated that residual values totalling £1.034m will be received during the first cycle of replacements and that this value will rise in subsequent cycles as the age of replaced vehicles reduces to the proposed 5yrs/7yrs.

## **Funding**

The replacement costs will be funded mainly through prudential borrowing, the annual Loan Charges required to fund this replacement will be £1.12m once the replacement cycles are in place although due the proposed replacement dates and age of the current fleet there will be a much higher cost in earlier years.

To eliminate this higher funding requirement it is proposed that a one off sum of £700,000 be allocated from Revenue Reserves. This reduces the Loan charges requirements in the early years and allows the vehicle replacement to become self financing on an annual basis.

The remaining Loan Charges requirement will be funded through the virement of the savings achieved, totalling £618,000, and the Vehicle Reserve, £88,000, to Loan Charges added to the existing provision within Loan Charges of £414,000 to give a total Loan Charges budget of £1.12m.



## *Fleet Management*

### **Business Case Version 0.2**

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## Document Control

### Revision History

Version	Date	Author	Summary of Changes
0.1		Amanda Park	Initial draft

### Distribution List

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### Reference Documents

Title	Location
Internal Audit Progress Report 10 Dec 2007 to 22 Feb 2008.	

### Document Acceptance

Name	Title	Signature	Date
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## 2 Executive Summary

As part of the Modernising and Efficiency Programme, Inverclyde Council has identified the need to purchase a Fleet Management System for Transport Services.

The need for a single, dedicated Fleet Management System to record and monitor operational activities was again highlighted by the Chief Internal Auditor at the Audit Committee 18 March 2008. Agenda Item 5, Internal Audit Progress Report 10 Dec 2007 to 22 Feb 2008.

Testing the market has indicated that the software costs involved are likely to be in the region of £25K.

In addition to this we project approx £3K per annum Maintenance costs and a one off cost of £5K for a dedicated Server depending on tender response to functional specification requirements.

Benefits include:

- The Fleet Management system will replace a number of unsupported legacy Lotus Approach databases. These databases are not linked making the production of reports laborious and time consuming. Lotus is also no longer supported or backed-up by ICT and therefore presents a significant risk to the Council.
- The system will be used to facilitate a new charging mechanism to be implemented based on a recovery of costs model.
- Improved management information and monitoring of performance which will lead to better workforce planning.
- Improved data quality will be achieved by gathering information at source and having it easily available to all concerned.
- Fleet Management is an area which relies heavily on data analysis. At present Inverclyde Council does not fully participate in the Association for Public Service Excellence (APSE) performance networks. Participation would allow us to benchmark against other local authorities and gauge our performance delivery. All reports, (including 27 that we currently cannot generate due to system limitations) will be produced by existing personnel.

It is critical to the modernisation of not only Fleet Management but also Fleet Procurement and Maintenance that a Fleet Management System Software package is procured.

The Fleet Management System will assist in the support of the following requirements:

- Management of Vehicle Maintenance Section
- Scheduled Servicing and repairs of Council Fleet
- Vehicle Repairs (ad hoc)
- Breakdown Recovery
- Winter Maintenance Call Out
- External Contracts
- Purchase of Parts and Materials for Grounds, Transport and Cleansing
- Stock Maintenance and Control
- Tyre Contracts
- Management of Cab/M.O.T. Testing
- Provision of Drivers for Education, Social Work and Catering Services
- Management of Driver Services
- Fleet Service Scheduling
- Liaison with Police on Taxi/PHV Enforcement
- Advice to Public on Taxi/PHV Enforcement
- Provision of Road Fund Licenses
- Vehicle Insurance (Claims and Inspection)
- Advice to council services on all transport issues
- Development and Monitoring of Contracts

## 2.1 Current Situation

Inverclyde Council is currently undertaking a significant modernisation and efficiency programme. The Council's corporate vision is to modernise and continually improve our services, provide a high standard of customer service and engage and empower our communities. The aim is to provide better service at a reduced cost, and use technology to allow us to make internal processes quicker, more consistent and cost effective. A dedicated Fleet Management System is key to delivering, maintaining and proving Best Value in this area of service delivery.

A key element in enabling these improvements is the ability to manage and control the information used by the Council in carrying out its duties. A Fleet Management solution enables the Council to effectively deal with information speeding up the processing and response time.

The current Lotus Approach databases have been investigated for upgrade to allow full participation, however as they are currently not linked and Lotus approach is unsupported by ICT, it has been deemed unviable to upgrade.

A schedule needs to be prepared for data migration from the existing In House system which is currently on Lotus Approach which is unsupported and therefore presents a major risk to the Council.

## 2.2 The Need for a Fleet Management System

The current level of risk the Council is exposed to with the current Legacy system is unacceptable and there is therefore a need for a corporate fleet management system to meet the aspirations of the Council and achieve a modernised environment for the public, staff, management and elected Members.

Early analysis indicates that there is:

- A number of In-House developed Lotus Approach databases which have been developed over time and which are unable to provide the full range of information required to fully participate in the APSE report requirements.
- Reports to date are taking significant resource and time to pull together and are manually collated from a number of different sources.
- Difficulty in getting true cost information splits leading to issues in to cross charging the Services accurately.
- A lack of comprehensive management information exposing the Council to risk in terms of the quality of investment decisions.
- A number of disparate data sources, making it time consuming and resource intensive to collate answers for one-off ad hoc requests from third parties.

### **2.3 Future Opportunities to Release Savings**

A Fleet Management solution will provide the Council with Opportunities in the future to realise staff productivity savings due to:

- Clear ownership of data
- Simplified, standard business processes
- Use of standards and naming conventions
- Reduction in duplication of effort
- Proactive fleet vehicle maintenance programme
- Reduced staff time and effort to produce statutory reports
- Accurate detailed information for new charging model.
- Reducing waste by spending capital and revenue budgets more effectively

This will remove a number of current inefficiencies. For example:

- Using incorrect / out of date information
- Searching for proper information
- Etc.

### **2.4 Fit with legal and policy requirements**

A Fleet Management system will also enable the Council to track and manage compliance with legislation and meet its commitments around:

- Freedom of Information (Scotland) (FOISA)
- Statutory Reporting Requirements
- Accountancy Code Of Practise (ACOP) reporting requirements.
- Full participation in the Association for Public Service Excellence (APSE) performance metrics.

### **2.5 Critical success factors**

The project can be considered a success when:

- There is a single store for all fleet vehicle data
- Common data standards are established for vehicle data taking account of existing internal and external standards
- Ownership for all fleet data is identified and understood
- There is improved access to fleet management information
- It is possible to share fleet information across the Council as well as with other authorities and agencies in a timely fashion

Fleet Management

Business Case – version 0.2

- Reduced overhead costs of holding and maintaining fleet data
- New detailed charging model can be successfully implemented.
- All Performance Indicators required by the Scottish Executive and Audit Scotland are recorded and can be reported on.
- Improved Management information available on demand.
- Improved and timely decisions for capital and revenue budgeting

### 3 Options Appraisal

The high level options considered to realise the scope of the project and deliver a Fleet Management Information System are as follows:

1. Do nothing
2. Bespoke Development
3. Packaged Fleet Management Solution
4. Packaged Fleet Management Solution with Additional Functionality

#### 3.1 Option 1: Do Nothing

This means continuing with the current levels of risk and operating with the existing varied range of paper based and electronic systems (a number of which are ageing and unsupported) which lack the fundamental functionality needed to deliver the required level of service to customers.

**Advantages:**

- None

**Disadvantages:**

- This situation is seen as untenable as major risks in areas such as statutory reporting and the perceived professionalism of Inverclyde Council will remain.
- Current systems do not have the functionality to provide the level of service required. Upgrades to existing Lotus databases have been deemed unviable as the platform is no longer supported by ICT.
- Failing to provide additional functionality to properly manage fleet information will divert staff time from other duties and/or lead to a requirement for additional staff.
- This option will not progress the Council towards modernisation and efficiency targets.
- Could continue to waste money by making investment decisions on the basis of partial information.
- Prevent implementation of revised charging model and hinder progress of Transport Efficiency Review.

#### 3.2 Option 2: Bespoke Development

There is an option to improve the efficiency by updating and integrating the current systems and processes via a bespoke system. This could be achieved either by enhancing existing system with tactical solutions or a completely new bespoke solution.

**Advantages:**

- Some level of process automation with a degree of efficiency savings would be possible

**Disadvantages:**

- There will still be multiple sets of fleet information
- Lotus Approach is no longer supported by ICT and therefore upgrading is not a viable option.
- There are continuing concerns regarding the maturity and stability of a custom development in comparison with packaged solutions in which a considerable amount of man-years effort has been invested in developing a specific product and which benefits from continuous customer feedback.

**Risks:**

- There is a risk that the implementation will be extremely expensive both to build and support – High (Impact 4 \* Probability 5 = 20)



- There is a risk that automating inefficient processes without any re-engineering will provide only very limited efficiency savings – High (Impact 5 \* Probability 5 = 25)

### 3.3 Option 3: Packaged Fleet Management Solution

#### Advantages:

- Would provide a single, consolidated store for all fleet and driver information.
- Would provide strong reporting functionality to meet the needs of both management and statutory reporting requirements
- Would provide best practice functionality for managing fleet assets and requirements
- There are several suppliers identified who could provide the required package within an acceptable budget and within a much quicker time frame than any other solution.

#### Disadvantages:

- Additional time will be required to run a full tender process

### 3.4 Recommendation

Options 1 and 2 are seen as untenable, and do not fully address the business problem outlined in this document.

The recommended option is therefore Option 3 – A packaged fleet management solution which can be utilised and adapted to cope with other specific requirements such as Licence Information, Taxi Checks etc.

## 4 Project Definition

### 4.1 Scope

The scope of the project is to implement an integrated Fleet Management System to support the strategic and operational management of the Council's Transport Services

The initial focus to provide a System to manage: Fleet Maintenance; Stores; Taxi Inspections; Fuel usage; Hire requests; Driver information and vehicle acquisitions and disposals.

### 4.2 Objectives

To achieve this scope the objectives are to:

1. Run a tender exercise for a Fleet Management System
2. Implement the integrated system
3. Embed new processes and working practices for management of fleet and related Business Requirements.

### 4.3 High Level Deliverables

The high level deliverables for each objective are:

1. Run a tender exercise for a Fleet Management System
  - Agree requirements
  - ITT
  - Awarded tender
2. Implement the integrated system
  - Designed detailed "To Be" processes and organisational structure
  - Install system
  - Test system
3. Embed new processes and working practises for management of fleet
  - Migrated and Rationalised Data
  - Trained staff
  - Staff Acceptance of the new system and working practices

#### 4.4 Inclusions / Exclusions

The following is in scope and **will be delivered** by the project:

- Migration and cleansing of all data sources listed in Appendix 3
- All processes listed in Appendix 4
  - Management of Fleet
  - Management of Maintenance processes
  - Management of Driver Information
  - Management of Driver Services
  - Management of Taxi Inspections
  - Management of the Hire Desk
  - Management of the recharging processes
  - Management of vehicle acquisitions and disposals

## 5 Expected Benefits

The Council is developing a fleet management plan for the future development of the organisation. The effective use of Council assets is a key priority and the Council wishes to drive forward proposals which:

- Maximise the efficient and effective use of Transport Fleet;
- Release underused and revenue-demanding vehicles;
- Assist in the rationalisation and modernisation of vehicles within Inverclyde.
- Assist in measuring productivity and identify possible efficiencies in the maintenance facilities.

### 5.1 Benefits Matrix

The benefits matrix below categorises the direct benefits that the project is expected to deliver towards the asset management plan.

	Non-Financial	Financial
Quantifiable	Introduction of a single, centralised source of Transport Fleet data	
	Improved and demonstrable compliance with legal and policy requirements	
	Management information available on demand from the system allowing informed decisions on vehicles.	
	Full participation in APSE performance network. Ability to produce all reports (including 27 additional reports) with existing headcount	
	Reduction in response times for Fleet, Driver and Licence Enquiries	
	Reduced risk of a poor audit	
	Improved disaster recovery – supported system	
	Facilitate introduction of new charging model.	
Non-Quantifiable	Improvements in the Council’s effectiveness and credibility when dealing with Vehicles	Majority of investigations will be desk based (reduced staff time, reduced travelling expenses)
	Better ownership, responsibility & management of fleet information	Additional reports/information being processed with current resources.
	Reduced data discrepancies and errors	

## 6 Risks and Issues

The following table lists the strategic risks to achieving the project scope. For specific risks relating to the specific options, please see the Options section.

ID	Description	Category	Imp.	Prob.	Rating	Mitigating Actions
MEP-112-R001	There is a risk that <b>staff</b> will not fully commit to and champion the project.	Operational	4	3	12	Ensure a strong communications plan is in place and agreed
MEP-112-R002	There is a risk that there is a lack of internal skills to implement the project	Operational	3	3	9	Ensure there is strong capacity planning across the programme and the project is either assigned the necessary resource or put on hold until resource is available
MEP-112-R003	There is a risk that certain requirements may be missing from the procured system.	Operational	4	1	4	Complete the “As Is” analysis before the Invitation to Tender is issued.
MEP-112-R004	The Council does not recognise and accept its shortcoming in relation to fleet/asset management	Reputational	4	3	12	Develop the business case to clearly articulate the business problem and communicate to stakeholders.
MEP-112-R005	The selected solution does not meet the requirements of for Inverclyde Council	Operational	5	1	5	It is important that relevant services are consulted and are part of the procurement, design and decisions process to ensure end user participation and consideration.
MEP-112-R006	A consolidated and updated data set is not ready in time.	Operational	4	3	12	Ensure the need is communicated to the service and the interdependency is closely monitored and escalated if necessary.
MEP-112-R007	There is an issue that the financial benefits are not clearly outlined at the outset making the realisation of benefits difficult	Financial	2	4	8	Ensure the business case continues to be developed throughout the lifetime of the project.

## 7 Cost

### 7.1 Assumptions

#### Standard Assumptions

- Costs do not include VAT
- Inflation has not been taken into account
- Staff costs are not included in the investment appraisal

### 7.2 Resources

The following resource will be required from ICT & Business Transformation to deliver the project:

- Project Manager
- Technical Lead

The following resource will be required from the Services to deliver the project:

- Transport Services Lead
- Subject Matter Experts (conduct evaluations, collate info, etc.) x2

### 7.3 Capital Costs

The details of the setup costs for the project are as follows:

#### *One Off Costs Summary*

Cost Centre	Budget Heading	Budget Year	Proposed Spend This Report	Virement From	Other Comments
	To be agreed by the CMT	2009/10	£25,000		Covers the cost of the core software, user licences, implementation, training and configuration of the system
	To be agreed by the CMT	2009/10	£5,000		Server Cost for System

These costs are from a similar system purchased by Renfrewshire Council in 2007 and it is anticipated that this will be funded from an existing budget line (Vehicle reserve)

### 7.4 Revenue Costs

The details of the variable costs for the project are as follows:

#### *Annual Recurring Costs*

Cost Centre	Budget Heading	With Effect From	Annual Net Impact	Virement From (If Applicable)	Other Comments
To be agreed by the CMT	To be agreed by the CMT	2009	£3000 pa		For ongoing support and maintenance of the Fleet Management System

Funding as per point 6.3 above.

## 8 Timescales

### 8.1 Tender

Timescales for the tender are as follows:

Task	Date
Prepare Technical Specification Documentation	May-09
Review Technical Specification Documentation and provide feedback	May-09
Final Technical Specification Documentation agreed	May-09
Prepare Tender for issue	Jun-09
Review Tender Documentation with Procurement Services	Jun-09
Final Tender Documentation agreed with Procurement Services	Jun-09
Review Tender Documentation with Legal Services	Jun-09
Final Tender Documentation agreed with Legal Services	Jun-09
Delegated Authority for Tender Issue	Jun-09
Issue Tender to Suppliers	Jun-09
Return of completed Tenders	Aug-09
Agree Evaluation Panel	Aug-09
Prepare roles, tasks and score sheet	Aug-09
Evaluation of Tenders	Sep-09
Evaluation of Software	Sep-09
Contract Signed	Sep-09

### 8.2 Implementation

Task	Date
Networking requirements addressed	Sep-09
Hardware installed	Sep-09
Data Mapping	Sep-09
To be' process definition	Sep-09
Install Software	Oct-09
System configuration	Oct-09
Data Migration to new system	Oct-09
Core Team training	Nov-09
User Acceptance testing	Nov-09
System Sign off	Dec-09

### 8.3 Embedding new processes

Task	Date
Staff Training	Nov-09
Staff acceptance of the new system	Dec-09



### Appendix 1: Cost Details

The tables below provide a breakdown of the cost details:

#### SETUP COSTS

Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Core Software Costs	25,000						25,000
Additional License Costs							
Implementation Costs	5,000						5,000
Configuration Costs							
Training Costs							
A. Total setup Costs (Annual)		0	0	0	0	0	30,000
B. Total setup costs (Cumulative)							30,000

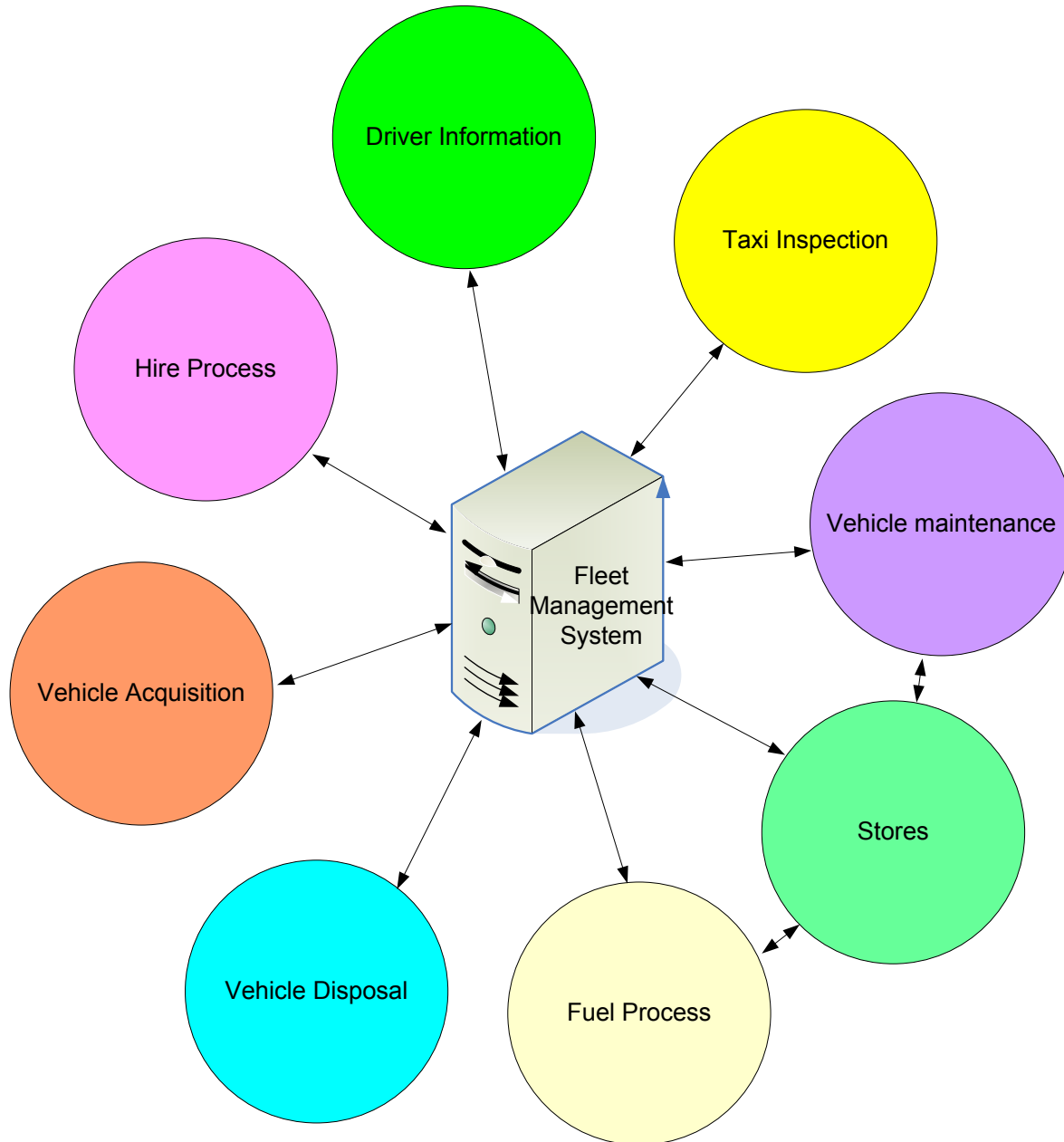
#### REVENUE COSTS

Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Annual Support and Maintenance	3,000	3,000	3,000	3,000	3,000	3,000	18,000
C. Total variable costs (Annual)							18,000
D. Total variable costs (Cumulative)							18,000

E. Total Costs (Annual) (=A+C)							48,000
F. Total Costs (Cumulative) (=B+D)							48,000

**Appendix 2: “As Is” Overview**

The diagram below provides an overview of the “As Is” situation.



**Appendix 3: List of Data Sources**

Name	Service	Format
Transport Services Database	Environmental Services	Lotus Approach Databases

**Appendix 4: List of Processes**

<b>ID</b>	<b>Name</b>	<b>Service</b>
MV	Maintain Vehicles – Repair & Scheduled	Transport Services
ST	Stores – request for parts	Transport Services
DR	Drivers Assessment & Licence Checks	Transport Services
DS	Management of Driver Services	Transport Services
HI	Vehicle Hire Process	Transport Services
FU	Fuel Process	Transport Services
TI	Taxi Inspection	Transport Services
RP	Recharging Processes	Transport Services
VA	Vehicle Acquisition	Transport Services
VD	Vehicle Disposal	Transport Services