

DENBIGHSHIRE COUNTY COUNCIL

FLEET STRATEGY

Appendix 1



TABLE OF CONTENTS

Contents

1	Introduction.....	3
1.1	Fleet Asset Management Objectives.....	3
1.2	Operating Environment.....	4
1.3	Key Operating Areas.....	4
1.4	Outside of Fleet Strategy Scope	5
2	Procurement, funding and replacement.....	5
2.1	Procurement.....	5
2.2	Electric and alternative fuel vehicles.....	5
2.3	Funding.....	6
2.4	Replacement Strategy	6
2.5	Spare Vehicles	6
3	Maintenance	7
3.1	Safety Inspections	7
3.2	Maintenance	7
3.3	Monitor Performance of Fleet Maintenance Service.....	8
4	Running.....	8
4.1	Fuel Use and Efficiency.....	8
4.2	Tyres and parts.....	9
4.3	Insurance	9
4.4	Vehicle hire.....	9
5	Disposal	9
6	Further work.....	9
7	Risks.....	10
8	Review	10

1 Introduction

Efficient management of fleet assets is critical to the delivery and performance of public services. This Fleet Asset Strategy (the “strategy”) defines and controls the management of council fleet assets. The strategy will be formally reviewed every two years, or more frequently if required.

The strategy relates to all operational vehicles used by council services for direct delivery of a service to the public or to support service delivery. It has been developed in accordance with the following principles:

- The Denbighshire County Council (DCC) fleet is predominantly powered by fossil fuels, and is therefore a major contributor to the councils’ carbon emissions. This strategy aims to reduce the current reliance on fossil fuels and to make the DCC fleet “greener” by reducing carbon emissions from DCC fleet by 2022.
- The Fleet Services Team within Highways and Environment is tasked with ownership, direction and implementation of the Fleet Asset Strategy on behalf of Denbighshire County Council.
- The Fleet Services Team will act as a broker for its clients within Denbighshire County Council, always seeking continuous improvement to the services it provides to the end user and stakeholders by adopting and applying current industry best practise to the provision, management, maintenance and disposal of all fleet assets.
- The Fleet Services Team will work closely with service providers to evaluate and challenge any future fleet requirements.
- The Fleet Services Team will continue to promote collaborative working with both local and national colleagues and other agencies to reduce costs and develop and exchange best practice.
- Vehicle and equipment procurement will be undertaken and controlled in accordance with the County Council standing orders with mechanisms put in place to evaluate and approve any vehicle or equipment replacement.
- The Fleet Services Team will promote the generation of income from external sources in order to obtain the highest efficiency from the available resources.
- Following the implementation of a new combined fleet management system, a revised suite of Key Performance Indicators will be developed to ensure that progress can be accurately measured.

1.1 Fleet Asset Management Objectives

The objectives of the Fleet Asset Strategy are:

- A Fleet Fit for Purpose - All vehicles will be "fit for purpose" in terms of condition and suitability for the intended use.

- Fleet Used Effectively – Fleet assets will be treated as a corporate resource, and the need to own/maintain the vehicles will be regularly challenged with users and the performance of fleet assets will be monitored and reported with the aim of eliminating unnecessary expenditure.
- Deliver the lowest whole life cost. Vehicles may not always be acquired for the lowest initial cost but they must deliver the lowest whole life cost over the life of the cycle.
- Sustainable - A fleet which is efficiently run, maximises value for money, is environmentally and energy efficient and contributes directly to delivering year on year reductions in carbon emissions.
- All vehicle expenditure will be managed by Fleet Services and recharged to departmental budgets. Such costs will be regularly reviewed and high cost items or unplanned expenditure will be discussed with user departments.
- Safety of the driver, crew and the public. The vehicle must present the minimum Health and Safety risk to our staff and members of the public.

1.2 Operating Environment

Fleet operations are highly regulated and must adhere to the Operator Licence terms and conditions, European Directives, Health and Safety legislation, DVSA and DVLA rules and regulations as well as Denbighshire County Council policies and guidelines covering vehicles and drivers.

Running a modern fleet is a safety critical operation that must ensure employee and public safety. This is achieved through best practice in vehicle inspection, maintenance, operation and procurement.

The high profile of Denbighshire County Council vehicles in our communities has implications for the council's reputation. A well maintained and efficient fleet contributes to public confidence in the council, and in the ability of the council to be effective, efficient and recognised for excellence.

1.3 Key Operating Areas

The key operating areas of the Fleet Services Team are as follows:

- Act as holder of Operator's Licence ['O licence']
- Maintenance of in-house fleet and plant assets
- Support front line services to deliver their particular service requirements
- Manage key contracts such as vehicle procurement to deliver the service
- Professional advice to users on vehicle specification and operation
- Storage and supply of fuel
- Provide a corporate hire desk facility

1.4 Outside of Fleet Strategy Scope

All departments control their own staff travel expenditure. Grey fleet (using personal vehicles for business journeys) mileage claims are controlled by the individual services.

2 Procurement, funding and replacement

2.1 Procurement

Vehicles/plant and parts are predominantly purchased through “The Procurement Partnership Limited” (TPPL) framework and other specialist national frameworks such as Crown Commercial Services allowing combined purchasing power to provide discounts and savings.

Prior to any vehicle purchase, consideration will be given to whole life cost. This not only includes purchase price but also includes previous performance of vehicles and suppliers. This process is undertaken at the tender evaluation stage.

2.2 Electric and alternative fuel vehicles

The council has made a commitment within the Corporate Plan 2017-22 to reduce carbon emissions from its assets, including DCC fleet. Consideration will therefore always be given to purchasing vehicles which run on alternative fuels, such as electric. The fleet procurement forms have been amended to ensure that consideration is always given to alternative fuels before procuring any new vehicles. Before any vehicles powered by fossil fuels are procured, a legitimate business case must be included to justify to decision not to purchase a vehicle running on alternative fuel. If the reason is simply financial, the form will highlight the additional whole-life cost of the alternative fuel vehicle, and consideration will be given to whether the additional cost could be provided via the clients’ operation budget or by other means (e.g. external grant, or corporate plan funding).

The council is currently in the process of procuring two small electric vans as part of a trial to assess the viability of electric vehicles. If this trial is successful, the ambition would be (subject to funding) to increase the number of electric charging points across various council locations to support up to 20 small electric vehicles by the end of 2020/21.

We expect technology to improve and as such would envisage larger commercial vehicles coming to the market. At such times we would trial these vehicles and again assess the viability for our fleet.

Cutting carbon emissions to help combat climate change is a key priority for the council. We therefore need to show leadership on this issue by taking positive steps and leading by example. In summary, our overall approach to reducing our fleet-related carbon footprint involves:

- The introduction of vehicles that run on alternative fuels

- Accurate data capture and measurement
- Fuel management and fuel consumption for individual drivers and vehicles
- Training, technology and engagement to promote efficient driving, which can only be properly monitored through fuel management
- Mileage reduction using route optimisation technology
- Grey fleet management to control risk and minimise mileage e.g. greater use of fleet pool vehicles
- Implementing fleet policies which encourage efficient vehicle choice and driver behaviour

Our vision is to become a leader in this field, but we see our approach as being one of gradual progression over a number of years towards a path of continually reducing carbon emissions.

2.3 Funding

Most vehicles purchases are funded via Prudential Borrowing, which follows the guidance provided by the finance department. Leasing tends to be more expensive and less flexible.

2.4 Replacement Strategy

Due the huge variance in the Fleet make up there are no standard replacement times. Each individual vehicle type will have an appropriate life span. Replacement vehicles are scheduled on the following guidelines:

- Cars 3/4 years
- Vans up to 5 Tonnes 5/6 years
- HGVs 7/8years
- Specialist Vehicles 10 years

Flexibility within the replacement guidelines permits new vehicles to be introduced earlier and existing vehicles to be retained where there is a convincing best value case. Continuous assessment of the replacement programme allows smoothing out of peaks and troughs in capital expenditure. The assessment is based on the condition of the vehicle, needs of the service, future maintenance costs and potential future residual value.

Whenever possible new vehicles are assessed and trialled to keep abreast of new technology and to specify the most up to date, reliable and cost efficient vehicles. This practice improves vehicle availability and reduces vehicle downtime.

2.5 Spare Vehicles

It is the councils' strategy not to hold spare vehicles, as it is not deemed to provide value for money. If a vehicle is off the road for a significant period of time, a

replacement will be hired in order to maintain essential services. The only exception to this general rule is for specialist vehicles such as refuse trucks and gritting trucks which we are unable to hire at short notice. In such circumstances, the council has spare vehicles in order to mitigate against the risk of not being able to deliver critical services.

3 Maintenance

Maintenance of the fleet needs to take place in a timely, professional and legal manner to secure a safe and cost effective fleet. All of the council fleet is serviced and maintained by our in-house Fleet Maintenance Service, predominantly in the councils’ Fleet Maintenance Workshop in Bodelwyddan. This is supported by our satellite unit in Lon Parcwr, Ruthin and by mobile technicians.

Fleet vehicles must comply with the Road Traffic Act rules and regulations together with the Operator’s Licence legal requirements on maintenance, inspection and record keeping standards. Vehicles, plant and fitted equipment must be maintained to a safe and legal standard. Programmed maintenance and repair schedules must be carried out to the conditions laid down by DVSA.

3.1 Safety Inspections

The stipulated inspection intervals in the operator’s licence are 26, 17, 12, 8 and 6 weeks for vehicles, trailers and heavy plant. For light vehicles, light plant and equipment, service intervals are 4, 6 and 12 monthly. Please see table below.

Safety Inspection Schedule

Vehicle/Plant Type	Safety Inspection Intervals (Weeks)
Small Plant & Trailers	26
Car, Vans & Larger Plant	17
Minibuses	13
HGVs up to 26 Tonnes	8
Refuse Vehicles & Larger HGVs	4

3.2 Maintenance

In addition to the Safety Inspection regime, all vehicles and plant are serviced annually and/or to the manufacturer’s recommendations. All vehicles are MOT tested as per the legal requirements, also the vehicles and plant are tested to other standards such as LOLER and Tachograph legislation. These Safety Inspections are all undertaken by our in-house Fleet mechanics.

In respect of repairs, we refer to manufacturer’s standards as closely as we can to ensure downtime is minimised, and repairs are undertaken by our in-house Fleet mechanics.

3.3 Monitor Performance of Fleet Maintenance Service

Processes and management arrangements are subject to both internal and external audits and reviews. Performance is monitored to ensure best value for Fleet users.

Performance is scrutinised by a variety of methods, including service reviews; budget reviews; peer reviews and equipment and vehicle reviews. Performance is also benchmarked against peers in the industry.

Feedback from reviews and audits will be taken into account when determining future asset provision and general fleet arrangements.

4 Running

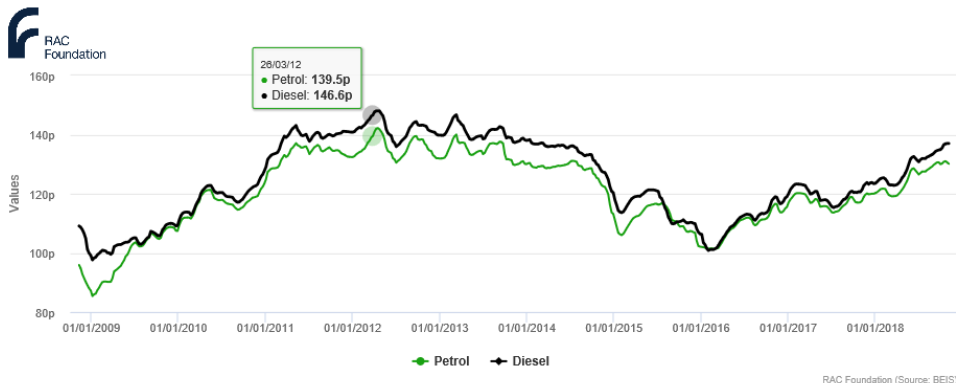
Running our fleet efficiently involves securing value for money on aspects such as fuel, tyres, insurance and vehicle hire. This value for money is realised through tight controls on expenditure, effective procurement arrangements and close working arrangements with other organisations and suppliers.

4.1 Fuel Use and Efficiency

Fuel is a major cost in Fleet operation and its consumption rate is a direct consequence of the vehicle type and fuel type. Almost all vehicles in the Fleet are diesel powered, although we are now starting to introduce some electric powered vehicles into the fleet. Replacement vehicles are almost invariably more environmentally friendly as they are manufactured to latest fuel efficient standards with Euro5/6 engine types and strict emission limits. These factors are taken into account at the procurement stage.

The Fleet Service has bulk fuel tanks strategically placed around the county which is capable of servicing the whole fleet as required.

The volatility of fuel prices at the time of purchase is highlighted in the chart below. Ensuring that the fleet is as fuel efficient as possible will reduce the potentially huge variances that the County Council could spend on fuel year on year. Diesel prices have been as low as 0.99p/litre in 2009 to as high as 147p/litre in 2012. These price variances have a major impact on the balance sheet when on average we purchase 850,000 litres per annum. The chart below shows petrol and diesel prices over the past ten years (pence per litre):



RAC Foundation (Source: BEIS)

Our strategy is to reduce our reliance on fossil fuel, particularly diesel, in future, and we will proactively look to introduce alternative fuel powered vehicles wherever possible (see Section 2.2).

4.2 Tyres and parts

Both tyres and parts are procured through national framework agreements in collaboration with the Welsh Public sector. These are competitive frameworks designed to insure best value for money.

4.3 Insurance

This is procured by the insurance and risk department which is controlled by the Finance department.

4.4 Vehicle hire

Vehicle hire is procured through a national framework agreement in collaboration with the Welsh Public sector. This is a competitive framework designed to insure best value for money. The hiring of vehicles by Fleet is in line with our Travel and Subsistence Policy where we provide hired vehicles for council officers who are undertaking long distance journeys.

5 Disposal

Vehicle disposals are usually the result of scheduled replacement, but can also be due to a vehicle becoming surplus to requirements within the client service and the vehicle not being suitable for re-assignment to another service. If a vehicle becomes surplus to requirements within a service, we will initially look to:

- Redeploy the vehicle to another service within the council;
- Swap out a higher mileage/lower condition vehicle of the same type;

All vehicle disposals are done via public auction, based on advice from internal audit to ensure transparency. Fleet currently use a number of public auctions based in the Northwest of England, such as Wilsons at Queensferry, Burnley Auctions and Stoodleys in Manchester. For smaller, more specialised, plant we use the Ruthin Farmers Auction. We do not sell privately or part exchange. Transparency is important to help safeguard the council's reputation. All capital receipts are returned to the client department.

6 Further work

The size and nature of the council's fleet may change in future if council services are redesigned or the council adopt alternative deliver models. Opportunities to reduce the fleet size may also materialise in future years as technology improves and service delivery models evolve and change.

7 Risks

The most significant risks within this strategy are as follows:

- Fuel, oil, tyres and vehicle components are constantly subject to market prices which affect future budget forecasts for Fleet running costs. Most notable are volatile fuel prices linked to oil price and consequently this impacts upon tyre prices due to their high oil content.
- Security of fuel supply represents a business continuity risk. Introducing electric vehicles in the fleet goes a small way to mitigating the risk from liquid fuel delivery shortage.
- Loss of the Operator's Licence would be a serious risk to many of the council's activities and its ability to supply services.

8 Review

A review of the Fleet Strategy will be undertaken annually by the Head of Highways & Environment.

Review Date: 11th March 2019

Reviewed by: Tony Ward, Head of Highways & Environment

Date approved: