

# **Vehicle Fleet Asset Management Plan:**

**2012 - 2022**

## 1) Executive Summary

The development of the Vehicle Fleet Asset Management Plan enables the ongoing strategic management of this asset class. The plan provides the guiding principles necessary to enable ongoing development, analysis and focus of fleet assets on the Council's direct service delivery operations to ensure cost effective operation and utilisation.

In the financial years up until 2008/09, General Services Capital funding had been made available to implement a planned replacement programme. The effect of this was the Council consistently operating a newer, more modern and reliable fleet of vehicles with a consequent reduction in maintenance costs and vehicle downtime. Financial constraints have led to the cancellation of the programme over the past 3 years resulting in the age profile of the fleet increasing with associated increases in maintenance costs and operational downtime, predominately in the specialised vehicle segment of the fleet.

A business case for vehicle fleet replacements in the period 2012 – 2017 is therefore required and is currently being prepared for consideration by Council in late 2011.

A key issue for addressing is the current replacement arrangements whereby replacement programmes have historically been based on 'like for like' vehicles. In some cases this is no longer appropriate as service delivery standards have changed or operational efficiencies have identified different vehicle requirements.

Further work is also required in identifying renewal - v - maintenance costs to ensure that future replacement programmes are based on best replacement value immaterial of the time period/age of the asset. For example, it may be better to replace a fleet item sooner rather than incur high maintenance costs with associated downtime in order to retain it until the programmed replacement due date. This would obviously be on a case by case basis and based on vehicle performance and service records generated by our Fleetmaster software system.

The fleet asset management plan requires the following ongoing activities to ensure it remains effective;

- Analysis of maintenance costs.
- Implementation of a whole life plan for each fleet vehicle.
- Review of utilisation to ensure optimal deployment and reduced spot hire costs.
- Review of funding mechanisms, in particular an analysis of purchase V's lease to ensure that the best value funding option is continually applied.
- Ongoing market review of vehicle replacement periods and disposal strategies for end of life vehicles.

## 2) Introduction

The need to manage resources efficiently and effectively to demonstrate best value has been an ongoing theme for Scottish Local Authorities since the Best Value Task Force in Scotland produced an advisory note on “Asset Management under Best Value” in 2003. To secure Best Value Council’s must demonstrate sound management of resources including their asset base.

The Council therefore has a responsibility to ensure that assets are managed in a strategic manner so that they enhance and improve service delivery, that the asset base is aligned to the organisations corporate goals and objectives and that they are managed in an active, effective and efficient manner.

West Dunbartonshire Council’s Corporate Asset Management Plan supports the priorities and objectives of the Corporate Plan and identifies the aims and objectives for the Council’s assets.

**“To manage all assets to ensure that they contribute fully to the efficient delivery of services.”**

The Chartered Institute of Public Finance and Accountancy (CIPFA) classifies local authority assets in six categories

Property

Open space

Roads, Structures, Lighting and water related infrastructure

Housing

Vehicles and Plant

Information and Communication Technology

The Vehicle Fleet Asset Management Plan sets out the strategy and the action plan for vehicle fleet replacements in the 5 year period, 2012-2017.

### **3) Progress on Corporate Asset Management to Date**

#### Best Value and Asset Management

In June 2006 West Dunbartonshire Council approved the Council's first Corporate Asset Management Plan.

At the Housing Environment and Economic Development Committee on 2nd September 2009 the Asset Management Plan Update 2009 was approved. In October 2010 Council approved its Asset Management Strategy.

Since then there has been limited progress in terms of asset management, this is due to a number of factors, staff changes and restructuring, the financial pressures facing the Council and the lack of corporate approach and leadership in relation to asset management.

#### Current Position

In spring 2010 the Council commissioned a report by CIPFA specifically on the Operational Property Asset Management Structures and Procedures.

The report highlighted the need for:

- A strategic approach to property with a shared Council vision
- Improved data sharing across the Council
- Performance indicators
- A change in culture so that property assets are viewed corporately
- The Property Service to drive management of the assets

Since the CIPFA report the progress of asset management has been reviewed and areas which are holding back effective asset management in the Council have been identified as follows:

- There is no effective data base which allows all property related information to be held corporately, this makes the measuring of performance difficult
- The information which is held on the Councils property assets is old and out of date there appears to be no mechanism to update this information
- There is no clear vision for the Council assets at a time when substantial savings have to be made
- There is no corporate understanding of whether assets add to service delivery
- There are no clear targets for property management

In light of these findings a new approach, applicable to all assets, has been adopted which will bring about the change required to deliver assets efficiently and effectively and which add to service delivery.

The success of this approach will require vehicle fleet assets to be seen as a corporate resource, for services to work in partnership, for Elected Members to engage in the asset management process and provide direction and for new and innovative working practices to be adopted.

The vehicle fleet portfolio is;

<u>Number</u>	<u>Replacement Value as at 30/09/2011</u>
400	£10,060,000

(Annual maintenance and fuel costs of £2.7M are estimated for 2011/12).

#### **4) Strategic Approach**

The Council has developed a new approach to asset management to ensure that assets are fit for purpose over the next 10 years. The approach is based around the following:

- To be more corporate
- To match vehicle fleet requirements to service delivery needs
- To move at a much quicker pace
- To generate savings in terms of existing revenue vehicle fleet costs
- To generate additional income through the disposal of redundant assets and/or using certain assets to lever further investment into the Council's Services

To take forward this new approach the Strategic Asset Management Group was formed in July 2010. This group is led by the Executive Director of Housing, Environmental and Economic Development (HEED) and supported by:

Head of Legal, Administrative and Regulatory Services, Corporate Services  
Head of Finance and ICT, Corporate Services  
Head of Service, Educational Services  
Head of Service, Strategy, Resources CHCP  
Head of Regeneration and Economic Development, HEED  
Corporate Asset Manager, HEED

The role of this group is to develop an Asset Management Strategy and to consider options for the future including efficiency of current assets, potential disposals, potential investment costs and use of resources to optimise benefit to the Council.

The group has set out the following methodology to achieve its objectives:

- Establish a Vision
- Define Strategy and Objectives
- Put in place systems to manage asset information
- Undertake option appraisals
- Prepare Asset Management Plans
- Implementation
- Review Strategy against objectives

The Vehicle Fleet Asset Management Vision is:

*Our vehicle fleet assets contribute effectively to the successful delivery of the Council's Corporate Vision and Priorities as well as operational objectives and continue to transform in order to support the delivery of services to the Community now and in the future.*

## **5) Vehicle Fleet Vision**

The Council and its Community Planning Partners have started reviewing service delivery in light of the financial constraints that the Public Sector faces and the obligations of the Single Outcome Agreement. There is an ongoing process on community consultation underway.

During staff and public consultations on the budget cuts, asset management was a recurring theme and there is the potential to harness these views in order to make the necessary radical steps to actively managing property resources.

Changing service delivery will impact on vehicle requirements and the Council has started to prepare for this by reviewing how its vehicle fleet assets contribute to service delivery and whether the property used for vehicle repair and maintenance functions can be rationalised to improve operating efficiency and effectiveness.

As part of this approach consultations are taking place with fleet users to ensure that the correct type and number of vehicles are allocated to facilitate cost effective service delivery. There has also been a discussion with Elected Members on the role of asset management at this difficult financial period and the potential opportunities to make more efficient use of assets.

The Single Outcome Agreement was approved in May 2009. Management of the Council resources including assets should be aligned to achieve the targets set out in the Single Outcome Agreement and these and the Corporate Plan themes will be part of the options appraisal framework.

The Corporate Plan 2010/14 vision for West Dunbartonshire is to:

**“Improve prosperity and inclusion for all citizens, deliver better and more efficient services and improve West Dunbartonshire as a place to live, work and visit.”**

The themes for delivery are:

1. Regeneration and the Local Economy
2. Health and Well Being
3. Safe and Strong Communities
4. Sustainable Environment
5. Education and Lifelong Learning
6. An improving Council

The delivery themes together with the SOA targets will inform individual asset management plans, and projects and capital expenditure will be assessed in the future against delivering these priorities.

## **6) Vehicle Fleet Assets**

The current vehicle fleet list, which includes items of plant & equipment, is shown in Appendix 1 which includes details of all current fleet vehicles;

The age profile of the current fleet is as follows;

0 - 1 year	3 vehicles (0.75%)
1-2 years	12 vehicles (3%)
2-3 years	78 vehicles (19.5%)
3-4 years	69 vehicles (17.25%)
4-5 years	18 vehicles (4.5%)
5-6 years	54 vehicles (13.5%)
6-7 years	68 vehicles (17%)
7-8 years	48 vehicles (12%)
8-9 years	19 vehicles (4.75%)
9-10 years	16 vehicles (4%)
10 + years	15 vehicles (3.75%)

Vehicles, as depreciating assets, become less reliable and more costly to maintain over time. The current replacement programme service level agreement for fleet vehicles is;

- 3 yearly replacement – mechanical sweepers (precinct)
- 5 early replacement – refuse collection compaction vehicles
- 7 yearly replacement – all other vehicle types

These replacement milestones require to be reviewed in the context of current commercial vehicle manufacturing and technological standards which have improved markedly in recent years resulting in more robust and reliable vehicles with improved longevity, this being particularly the case in the non specialised vehicle sector e.g. light/medium sized standard vans. This issue will be addressed in the business case for vehicle fleet replacement referred to in 2 above.

## **7) Management Systems**

### Fleet Management System

The vehicle fleet management system in use is a software product called Fleet master. Fleetmaster generates key information for each fleet vehicle including.

- Vehicle ID
- Service history
- MOT anniversary
- Service scheduling
- Safety inspection scheduling
- Mileage
- Operational downtime
- Operating costs
- Spare parts ordering system
- User invoicing

Fleetmaster permits accurate vehicle costing information to be generated for individual vehicles cost recharging ensuring that costs can be effectively monitored.

### Fuel Management System

The Council has bunkered diesel fuel stores at its Elm Road and Richmond Street depots. The fuel holding capacity at each location is;

Elm Road capacity – 22,000 litres

Richmond Street capacity – 23,000 litres



Fuel is purchased through contracts regularly re-tendered by Scotland Excel therefore the lowest possible fuel supply costs are continuously achieved. A new contract under the Scottish Ministers Framework for the Provision of Liquid Fuels is to be implemented in November 2011.

Vehicle fuel is accessed by the use of two electronic fobs, one of which is assigned to the vehicle and the other to the designated driver. In order to access the system both fobs and the vehicles' current recorded mileage is required. This system ensures controlled secure fuel distribution and eliminates the risk of unauthorised access to fuel and the risk of theft.

### Fuel Cards

Fuel cards which allow for the cashless purchase of fuel supplies from BP and Shell retail filling station forecourts are issued to users to provide an out of hours re-fuelling facility to services providing out of hours service delivery, emergency call out services and for the Greenspace vehicle fleet based in Alexandria .

BP and Shell have recently terminated this agreement. The cards will be updated in September 2011 to include alternative suppliers (Total and Texaco). They are also enhanced with personal identification number (PIN) security. Corporate Procurement are currently liaising with Scottish Procurement on a joint public sector competitive tendering exercise to ensure that the best value fuel card option is secured for the Council.

### Vehicle Emissions Monitoring and Tracking System

As a signatory to Scotland's Climate Change Declaration, the Council has made a carbon reduction commitment to reduce its carbon dioxide (CO<sub>2</sub>) emissions by one third by 2015. It is clear that Council vehicles being driven more economically and efficiently will contribute to a reduction of CO<sub>2</sub> emissions, the main greenhouse gas contributing to climate change.

As the cost of vehicle fuel continues to increase, it was clear that the Council needed controlling mechanisms to regulate the use of fuel as it continues to deliver services.

Fleet vehicles being driven more economically, efficiently, and safely therefore has a positive effect on the Council's carbon footprint and longer term costs. It was clear that many drivers, however unwittingly, were wasting valuable fuel resources because of the way they drive.

Reducing the average speed of vehicles delivers direct, measurable reductions in fuel consumption, servicing and maintenance costs and is proven to reduce accidents.

The phase installation of the Tom Tom Work tracking equipment from 2009/10 in the Council's vehicles together with driver briefings and training has helped our drivers to:

- reduce fuel use by over 62,000 litres in financial year 2010/11
- reduce emissions of CO<sub>2</sub> by an estimated 163,000 KG in financial year 2010/11
- reduce the emission of vehicle exhaust pollutants which detrimentally affect air quality
- refute spurious complaints and insurance claims
- reduce the risk of Driver's receiving fixed penalty fines and driving licence penalty points
- reduce the fleet miles travelled and implement more economic, fuel efficient and safe driving practices

### **8) Fleet Maintenance Plan**

Each fleet vehicle is inspected at regular specified intervals for safety every 6 weeks, 13 weeks or 26 weeks dependant on the vehicle class:

#### 6 Weekly

Refuse Collection Vehicles  
Road Sweeping Vehicles  
Roads Maintenance Vehicles  
Buses  
Crew Cab Tippers

#### 13 Weekly

Tractors

#### 26 Weekly

Closed vans  
Car derived vans  
Cars

Vehicles are serviced on two schedules in accordance with manufacturers specified service schedules;

- 'A' Service – engine oil & filter replacement, safety inspection and condition survey.
- 'B' Service - engine oil & filter replacement, air, fuel, fluid and coolant replacement as specified, safety inspection and condition survey.

Vehicle repairs resulting from mechanical failure etc. are prioritised based on the type of service delivery vehicles support and the number of vehicles

## MOT Testing

All fleet vehicles are required to undergo an MOT test annually. With the exception of vehicles covered by the Operators Licence all fleet vehicles are MOT tested at the Councils own MOT Station/Vehicle Testing Unit at Richmond Street Depot in Clydebank.

Vehicles covered by the Councils Operators (O) Licence require to undergo an annual 'off site' MOT test performed by a Vehicle Operator Services Agency (VOSA) Inspector. The role of VOSA, as a government agency, is to provide a range of licensing, testing and enforcement services with the aim of improving the roadworthiness standards of vehicles ensuring the compliance of operators and drivers with road traffic legislation.

## Specialised repairs

A number of vehicles are highly specialised using sophisticated electronic equipment to control ancillary equipment. Manufactures approved agents are engaged to repair and maintain this type of equipment as required.

## **9) Statutory Compliance**

### Operator's Licence

VOSA was formed on 1<sup>st</sup> April 2003 following the merger of the Vehicle Inspectorate and the Traffic Area Network division of the Department for Transport.

The Council is required by law to hold Operator's Licence to carry goods (or burden) connected with its business because it uses vehicles with a gross vehicle mass (weight) of over 3,500 Kg (3.5 tons) on the road network.

The Council must satisfy the Traffic Commissioner that it keeps its vehicles serviceable at all times accordingly, a schedule of safety inspections, servicing and maintenance is strictly adhered to with detailed records of each vehicle maintained for inspection by VOSA inspectors.

## **10) Carbon Management Plan**

At committee on 25th November 2009 the Council approved the Carbon Management Plan. The plan commits the Council to a target of reducing CO<sub>2</sub> by 33% by 2015.

The Climate Change (Scotland) Act came into force in August 2009 and sets out the statutory framework for greenhouse gas emissions reductions. The act places a duty on Councils when executing its functions, to act:

- In the way best calculated to contribute to delivery of the Act's emission reduction targets

- In the way best calculated to deliver any statutory adaptation programme, and
- In a way that is considered most sustainable

The need to reduce CO<sub>2</sub> emissions should therefore be a factor in any decision making in relation to vehicle fleet assets.

The UK and Scottish Governments have two initiatives aimed at delivering the emission reductions:

1. Public bodies are required to produce an Energy Performance Certificate for all buildings of greater than 1000m<sup>2</sup> floor area.
2. The Carbon Reduction Commitment (CRC) which comes into force in 2010. The CRC is a mandatory emission tracking scheme with the aim of reducing the amount of carbon dioxide emitted in the UK. Under the scheme organisations have to purchase 'allowances' for every tonne of carbon they emit. An initial estimate of the annual cost of this scheme to the Council is £233,000.

The Council recently registered for the CRC scheme.

The low carbon vision is to:

**“Significantly reduce West Dunbartonshire Council’s climate impact through a strategic approach to carbon management and commitment to investigating renewable energy opportunities and low carbon alternatives.”**

The carbon management plan sets out targets and projects for the reduction of emissions. However, no specific funding has been set aside for these projects and further consideration will need to be given as to how the Carbon Management Plan can be implemented. The Councils vehicle fleet, which operates on diesel fuel, contributes to the Councils overall CO<sub>2</sub> emissions.

As highlighted in section 6 above action has been taken to improve the control of fuel usage and the control intervention made using the vehicle emissions monitoring and tracking equipment has resulted in a reduction of an estimated 16.3 tonnes (163,000 kg) of CO<sub>2</sub> in financial year 2010/11.

## **11) Investment Programme Development**

As a result of a funding application submitted for approval under the Securitisation process, a project is underway to develop a business case for a vehicle procurement investment programme.

The project objectives are to;

- 1) To perform a vehicle fleet utilisation analysis to ensure that the fleet is matched to operational service delivery requirements and that any identified underutilised vehicles are either redeployed to alternative service areas as a means of reducing spot hire costs or disposed of.
- 2) To develop and recommend a five year vehicle fleet replacement programme for the period 2012 – 2017 as part of a 10 year asset management plan.
- 3) To identify vehicle fleet replacement programme funding options i.e. capital purchase or lease, and recommend the most economically advantageous option for the Council.
- 4) To reduce current vehicle spot hire costs by optimising the utilisation of the existing vehicle fleet, this being informed by a vehicle fleet utilisation analysis as part of the business case for vehicle fleet replacement.

Objective 3 will result in the development of a programme for replacement vehicles for a 5 year period from 2012 to 2017 which will provide the foundation for future decisions on vehicle replacement programmes beyond 2017

## **11) Utilisation Analysis**

The Vehicle Emissions Monitoring and Tracking System now installed in the vehicle fleet generates information relating to vehicle utilisation on a daily, weekly and monthly basis for a retrospective period of 90 days from any given date.

As part of the business case being prepared for vehicle fleet replacement, a driving time/utilisation analysis will be performed for the 90 day period between 4 July and 30 September 2011. The information arising from this analysis will identify vehicles with lower than average usage levels and permit users to be challenged to provide justification for retaining identified under-utilised vehicles. Potential therefore exists for vehicle fleet downsizing opportunities with associated revenue cost reductions.

## **12) Innovation**

### Low Carbon Vehicles

Section 7 refers to the Councils Carbon Management Plan and the action taken to date to reduce CO<sub>2</sub> emissions from the vehicle fleet.

In addition to the installation of vehicle emissions monitoring and tracking system, the Council has accessed through the Community Planning Partnership, funding from the Scottish Government's low carbon vehicle procurement support scheme which was launched as a demonstration project by the First Minister at the 2020 Climate Change Conference in June 2010.

The scheme made a total of £3.6M available to Community Planning Partnerships to provide financial support to bridge the cost gap between conventional vehicles and their low carbon counterparts. The scheme is a demonstration project to assess how effectively low carbon vehicles could be utilised in a local authority service delivery setting.

An application for funding was subsequently submitted for a diesel/electric hybrid 12 seat minibus and an all electric small van. The application was successful and as a result the hybrid minibus was procured in June 2011 and is now in daily service providing community transport in West Dunbartonshire. Fuel consumption and emissions data is being collected from the mini bus for feedback to the scheme manager.

The all electric small van is currently being built with delivery expected in October 2011.

### ecoPLUS

This newly developed device, which works in conjunction with the vehicle emissions monitoring and tracking system, is being trialled in a number of fleet vehicles. It gives a real-time view of the fuel efficiency of the vehicle at every point on a journey and continuously calculates the fuel consumption to identify where fuel is being wasted, when and by whom. Following the trial consideration will be given to a roll out across the vehicle fleet on the basis of the findings of a cost benefit analysis.

### **13) Vehicle Replacement Funding**

In the context of the current adverse financial climate and the negative impact this has had on the Council's General Services Capital Programme, Corporate Finance performed an assessment of the funding options available for future vehicle fleet procurement. The assessment identified that vehicle leasing is the most economically advantageous solution for the Council.

Detailed discussions are now underway with a specialist leasing adviser to establish the exact leasing mechanism most suitable for the Council's needs and the process for securing a leasing partner for future vehicle replacements.

Fleet vehicles are procured through the Scotland Excel Framework Agreement to ensure that the most competitive purchase price is consistently achieved.

#### 14) Vehicle Replacement Programme 2012 - 2017

The provisional annual vehicle replacement programmes for the period 2012 – 2017 are shown in Appendix 2. The programmes for 2012-2017 will be finalised in the Business Case for vehicle replacement.

#### Action Plan

Activity	Lead By	Target Date
Carry out vehicle utilisation analysis to establish optimum fleet size for service delivery and review current vehicle SLA replacement milestones.	Fleet and Waste Services	November 2011
Establish vehicle leasing mechanism most appropriate to the Council's service delivery standards.	Corporate Finance/Procurement	November 2011
Produce business case for vehicle replacements for the period 2012-2017	Fleet and Waste Services	November 2011

#### 15) Conclusion

The adoption of a new approach to vehicle fleet asset management and the establishment of a business case for vehicle fleet procurement in the period 2012 – 2017 will provide a clear direction to ensure that vehicle fleet assets are properly justified, planned, procured and utilised to assist the Council in delivering its corporate and operational goals & objectives.