Report title: Fleet Replacement and Investment - Transport Services Capital Investment Vehicle Replacement Programme (VRP) - £21.7m, Invest to Save Waste and Recycling Fleet - £3.264m and Winter Service Review Bulk Gritters - £1.8m.

Please note – The above figures do not include interest on Capital borrowing.

Meeting	**Cabinet**
Date	**08th Oct 2024**
Cabinet Member (if applicable)	**Cllr Ahmed**
Key Decision **Eligible for Call In**	**Yes** **Yes**

Purpose of Report

The purpose of the report is to seek Cabinet approval to proceed with the expenditure of:

- £21.7m from the agreed Capital Plan for the VRP (years 2025/26 – 30/31), supporting critical fleet replacement and transformation models over the next 6-year forecast; an invest to save approach to managing fleet efficiencies.
- £3.26m to replace Waste and Recycling hired fleet with Capital purchase, supporting the reduction of the Councils expensive fleet hire costs by generating a fleet whole-life cost saving model (offsetting hire costs Vs. Capital), removing reliance on unreliable hired fleet and providing frontline operational stability by Capitalising fleet requirements.
- £1.8m to replace the current fleet of hired Bulk Gritting Vehicles (hired on an annual basis for the Winter Service gritting operation) with Capital purchase fleet, to achieve a financial saving from year 5 and add flexibility for the future in terms of how the service could be delivered.

Recommendations

Cabinet are asked to:-

- Approve the procurement and award purchase contracts for the replacement of critical fleet and hired fleet assets outlined within the 3 Capital scheme proposals - £26.76m over the next 6 years.
- Approve officer delegation to Service Director Highways & Streetscene in consultation with portfolio holder, to commence procurement activity for the VRP, Waste and Recycling hired fleet and hired bulk gritters replacements in line with the UK procurement regulations and Council Contract Procedure Rules.

Reasons for Recommendations

- To mitigate the risks, both financial and operational, from operating fleet beyond their Useful Economic Life (UEL).
- Reduce the Councils expensive fleet hire costs by generating a fleet whole-life cost saving model by offsetting hire costs Vs. Capital.
- Provide frontline operational stability by Capitalising fleet requirements, removing reliance on unreliable and limited market availability hired fleet.
- To support the Environment Strategy, strengthening our transition to a greener fleet by replacing all vehicles under this VRP with the latest EURO 6 variants, including the future

EURO 7 adaptation if commissioned, benefiting our local air quality through further reduction in pollutants. Also, potentially replace some of the van fleet with EV's following further feasibility studies.

- To support Vision Zero by including the latest safety features available on the market within our fleet specifications (technological advances).
- Procurement of critical fleet replacement only; an immediate, and post services' transformational change, requirement.
- To ensure that all planned vehicle expenditure can be authorised by the Service Director from now up until the next Cabinet report is raised for the next round of funding requests. The delegated powers would include the authority to ensure that unforeseen issues can be dealt with by exception to respond to timely and urgent fleet replacements.

Resource Implication: Implementing the recommendation is to reduce financial and operational effectiveness risk, of operating fleet beyond their optimal replacement timescales and operating hire vehicles by investing £26.76m in critical fleet over the next 6 years.

Date signed off by Executive Director & name	**David Shepherd - Executive Director for Place** 17th September 2024
Is it also signed off by the Service Director for Finance?	**Kevin Mulvaney - Service Director Finance** 17th September 2024
Is it also signed off by the Service Director for Legal Governance and Commissioning?	**Samantha Lawton - Service Director – Legal, Governance and Commissioning (Monitoring Officer)** 24th September 2024

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public.

Has GDPR been considered? No implications.

1. Executive Summary.

- This report represents the latest phase of development in our fleet. We have grown our green fleet and infrastructure, secured new technologies to trial within the district to understand deliverability, and have now developed from the ground up a vehicle replacement programme that will ensure we replace fleet at the right time, before it starts impacting on service delivery, cost, and environmental impact.
  This phase of investment centres around the replacement of critical frontline fleet, bringing them up to the highest environmental standards possible, whilst recognising the current limits of green technology. It also continues to deliver on Vision Zero, ensuring we have the most up to date safety technology on our roads. We will continue to review it as we move forward to ensure we remain flexible to any changes in services and developments in technology.
- Transport Services is a Corporate enabling service that manages the Capital Investment Vehicle Replacement Programme (VRP); an investment of the Councils future fleet aligned with operational requirements, providing efficiencies and value for money for the people of Kirklees.
- The Councils fleet is essential to core service delivery, an enabler, supporting Kirklees' vision to be a district that combines a strong, sustainable economy with a great quality of life.
- Service transformation challenges will continue to reshape and model the VRP and service fleet operating models moving forwards, ensuring only essential fleet is

replaced; minimising risk to directorates' from a financial and operational effectiveness perspective.

- All virements, additions and deletions would be reported retrospectively to Cabinet in accordance with Financial Procedure Rules dated Jul 2024. Please see Appendix A for list of vehicles that were purchased from the previous Capital allocation.

2. Information required to take a decision.

2.1 Background

Vehicle Replacement Programme (VRP)

- The purpose of the VRP is to provide the capital fleet replacement programme with accurate figures as to when vehicles should optimally be replaced considering the maintenance history, condition, and depreciation value of fleet, calculating a vehicle's Useful Economic Life (UEL). The Councils own comprehensive fleet datasets are used to calculate the UEL of vehicle types to support the programme - Table 4 para 2.2.4.

- Currently the Council are operating 242 fleet vehicles (approximately 33% of the vehicle fleet) and 64 trailers beyond their UEL, causing significant financial and operational delivery pressures.

- Historically, the VRP baseline Capital allocation was in excess of £4m per year, but this was reduced. The baseline is now £1.25m per annum, but this is not linked to any lifecycle analysis. Due to the condition of the fleet, in 22/23, capital was drawn down from future years VRP capital allocation (23/24 – 25/26) for expenditure on 48 replacement priority vehicles. Also, earlier this year, authority was provided to enable spend of £2.5m on 35 critically required vehicles, again, a drawdown from future years allocation.

- This report identifies a profiled approach to replacing critical fleet over a 6-year forecast, it doesn't cover the replacement of all the Councils fleet in accordance with their UEL though. Placing vehicle orders as soon as practicable, is required to assist with mitigating financial and operational risks in operating fleet beyond their UEL.

Invest to Save Waste and Recycling Fleet

- Hiring fleet is a costly method of fleet management, compared to Capital purchase. Hired fleet have been embedded to complete new Waste workstreams (rounds), as a result of round optimisation and growth. Therefore, these hired vehicles are not replacing fleet that are in workshops being maintained or past fleet that have been identified as beyond economical repair and therefore scrapped before Capital replacements enter service.

- The Waste and Recycling services do not receive any additional capital or revenue to fund service growth. Over previous years, several thousand houses have been built and new services introduced and grown without baseline funding, e.g. garden waste service. Whilst there has been some additional income to offset some revenue costs, this has not covered the whole amount. In addition, in order to secure vehicles, these have had to be hired due to the lack of Capital.

- Moving forwards, we are reviewing the local plan and the incoming Labour government has already started to set out an aggressive housing growth agenda. This will start to see the gaps opening up again in future years, how we deal with this moving forward will need to be discussed.

Winter Service Review - Bulk Gritters

- As detailed in the Councils budget savings paper (approved 6th March), the Highway Service was tasked to achieve a £555k saving within the Winter Service operations for 24/25 winter season.

- Winter Service activities include: precautionary gritting, snow clearance, night patrols, grit bin filling, DTN forecasting, salt procurement and management, grit route optimisation, and bulk gritter hire.

- A review of bulk gritting vehicle provision identified hiring fleet as a more costly method of fleet management, compared to fully Council owned winter operational fleet. The current fleet of bulk gritting vehicles (12) are hired in on an annual basis for the Winter Service gritting operation to take place. The current hire cost for the winter 23/24 season (27wk period) is £355,796

2.2 Cost breakdown and risks

- Replacing vehicles is an exercise in risk management and operating ageing vehicles leads to increased maintenance as a result of prolonged vehicle downtimes (more complex and timely repairs), directly contributing to frontline service disruptions. To try and mitigate and manage this risk, services request short term vehicle hires, a significantly costly approach to fleet management.

2.2.1 Proposed Expenditure.

- **Vehicle Replacement Programme**

Table 1 details the proposed £21.78m vehicle expenditure. All vehicles identified to be replaced are frontline critical operational vehicles across services, key enablers to services delivery models.

Table 1. Forecasted Proposed Capital Commitment 25/26 to 30/31.

Financial year – place vehicle orders	**Forecasted required funding**
25/26	£7.749m
26/27	£0.551m
27/28	£0.682m
28/29	£5.618m
29/30	£6.679m
30/31	£0.501m
Total	**£21.782m**

Please note:

- Avg. 15 months vehicle lead-times as per current market state. During the procurement exercises and individual tender submissions, manufacturers will advise on specific lead-times.
- These figures represent the current fleet profile and therefore maybe subject to change. This is if certain accounted for vehicles are permanently removed from the fleet or are assessed as being in a good condition and so can be deferred for replacement to a following year (and vice versa, vehicles from future replacement years maybe brought forward due to operational requirements). Also, global vehicle market prices may rise which would result in less vehicles being able to be purchased.
- Forecasted inflation included.

- **Invest to Save Waste and Recycling Fleet**

  The number of unfunded Waste and Recycling fleet hire vehicles to be capitalised is detailed in Table 2:

  Table 2. Waste and Recycling fleet hire vehicles to be capitalised.

Replacement Proposal - Frontline	**#**	**Cost (£m)**
Trade Lifts	4	0.104
RCV	6	1.200
RCV Narrow	7	1.400
RCV Very Narrow	1	0.200
Mech Sweeper	1	0.090
3.5t Tipper	6	0.240
3.5t Box Van	1	0.030
Total	**26**	**3.264**

[Please note - Does not include short-term hires covering maintenance downtime and costings only indicative, subject to change following procurement exercises.]

Also, **£104k** (as noted in Table 2) Capital required to replace x 4 domestic lifts with trade lifts on x 4 18 RCV's, so trade can utilise these vehicles for trade application and bulky waste avoiding current and imminent hire costs. This is following a review of rounds and internal fleet optimisation. These modifications will ease the current pressure on the trade service which generates c. £4.2m income per annum.

- **Winter Service Review - Bulk Gritters**

  Table 3 details the invest to save hire vs purchase costs for bulk gritters and also details breakdown of costs over a 10-year period (including interest on the capital borrowing).

  Table 3. Hire vs Purchase (borrowing)

Year	**Econ - hire cost**	**Purchase Cost**	**Interest payments**	**Principal monies**	**Borrowing balance**
2025/26	£372,766.97	£150,000 x 12	£90,000	£143,108	£1,656,892
2026/27	£388,957.33		£82,845	£150,264	£1,506,628
2027/28	£406,115.23		£75,331	£157,777	£1,348,851
2028/29	£424,359.36		£67,443	£165,666	£1,183,186
2029/30	£443,833.12	Breakeven	£59,159	£173,949	£1,009,237
2030/31	£464,710.68		£50,462	£182,646	£826,590
2031/32	£487,204.41		£41,330	£191,779	£634,812
2032/33	£511,574.20		£31,741	£201,368	£433,444
2033/34	£538,139.20		£21,672	£211,436	£222,008
2034/35	£567,292.30		£11,100	£222,008	£0
10yr Totals	**£4,581,794.29**	**£1,800,000.00**	**£531,082**		
Capital Total		**£2,331,082**			

2.2.2 Sustainability - Impact on key Environmental indicators.

- It is still our ambition to transition to a greener fleet and Transport Services are focused on leading the way regarding sustainable fleet options in support of the Councils vision of 'Net Zero and Climate Ready Kirklees by 2038'. Over the recent years, the Council has made

some significant improvements. This includes investing £1m in procuring 35 electric vans, bringing the total electric van fleet up to 7.5%, compared to only 1% in 2019. Also, we have recently taken delivery of an Electric Refuse Collection Vehicle, the authorities first fully electric HGV.

- To continue making green fleet improvements, the replacement vehicles under this VRP will be as a minimum EURO 6; which emit 55% less NOx when compared to EURO 5. The EURO 6 engine is a much greener engine variation, this will benefit local air quality through reduction in pollutants such as NOx, SOx, CO2 and PM10's.

- Also, recently, the European Council has adopted the new EURO 7 regulation, outlining rules on future emission limits for road vehicles and battery durability: for cars, vans and HGV's. Changes will include:

  - Cars and vans. Existing Euro 6 exhaust emission limits but stricter requirements for solid particles.
  - HGV's. More stringent limits for various pollutants, including some that have not recently been regulated until now, such as nitrous oxide (N2O).

- In addition, Euro 7 introduces stricter limits for particle emissions produced when braking, with specific limits for electric vehicles. Early indication is that EURO 7 will likely to be introduced in Summer 2025 for cars and vans and at a later stage for HGV's.

- We will also continue to review our transition to EV vans and look at supporting through this capital allocation where feasible.

2.2.3 Maintenance savings and service disruptions.

Ageing vehicles are prone to breakdowns leading to increased maintenance downtimes, this puts significant pressures on the Transport Services Workshops in terms of demands on staffing resources and the maintenance budget (for example, the most optimal time to replace an RCV is at the 8-year mark, before the annual maintenance costs raise by 59% between years 8 and 9). In turn, this directly affects the Councils services, whose operations are reliant on fleet and as a result, putting service delivery at risk and severely under pressure. This factor is currently at play.

2.2.4 Hire costs.

As previously stated, to counteract this position, services turn to hiring vehicles in-order to cover vehicles that are off-the-road to ensure operations aren't affected. This results in significant hire costs being incurred. As fleet vehicles go beyond their UEL, this problem is accelerated. The current hire costs to the Council across all services this financial year, as of early July, is £724k (155 vehicles over this period), with Waste and Recycling showing a 24/25 projection of £1m+, a mix of breakdown replacement vehicles and additional requested vehicles to meet increased operational demands. Failure to replace fleet will see these figures increase. The Waste and Recycling fleet hired to meet the additional operational demands is detailed in section 3.4.

- Table 4 below, details the optimal replacement timescales for all vehicle types using fleet datasets. No vehicle will be replaced though without having a review of its current condition and risk. Therefore, some vehicles serviceable life maybe extended beyond their recommended optimal replacement timescales and will only be replaced as/and when required. However, if a decision is made not to replace fleet as per the optimisation timescales after individual vehicle reviews deem replacements are required, then the vehicles due replacement will become unusable in time for services to continue to operate and maintain service delivery.

Table 4. VRP Recommended Optimal Replacement Timeframes.

Category	Optimal Replacement Timeframes
RCV / HGV	8 Years
Small Vans	8 Years
Compact Sweepers	5 Years
Large Sweepers	8 Years
Tipper Vans	9 Years
Pickups	8 Years
Large Vans	7 Years
Minibus	9 Years
4x4's	9 years

2.2.5 Vehicle Optimisation and transformational change.

Transport Services are currently carrying out a robust council-wide review of how fleet and plant is being used by Services, highlighting the opportunity for optimisation, a catalyst to transformational change; reduced overall fleet, mileage and fuel. The aim is to ensure that as a Council, we have a fleet that is fit for purpose and utilised to its full potential; identifying financial savings through realigning assets, reducing vehicle hires and fleet reduction where feasible, supporting the Councils vision of 'Net Zero and Climate Ready Kirklees by 2038'. To assist with this focus of optimisation and change, moving forwards, a Transport Operations Assurance Board has been set up and commissioned. This is to provide corporate oversight and to support services with enabling change, a link to service transformation, adopting an invest to save approach model. The board will validate services' transformational changes, discuss new fleet replacement, and also challenge significant hire, operational damage and lease costs.

- Optimisation of fleet is key for efficiencies and the board will champion this approach, changing the way we operate to work smarter with our fleet assets, ultimately reducing the need for fleet by operating differently.

2.2.6 Immediate need.

The replacement of fleet is a constant rolling programme, meeting the demands of operational usage to ensure efficient service delivery. As previously outlined in this report, operating fleet beyond its UEL and operating hire vehicles assigned to core workstreams adds a degree of risk to the organisation. Delaying replacing fleet compounds the risks further, increasing considerable pressures for services to manage, in some instances nearly to a point of failure. Therefore, investing in a fleet managed and replaced as per optimal replacement timeframes, brings consistent levels of assurance for services; the correct number of fleet and age profiles to meet the operational asks.

2.2.7 Services & agencies involved.

All services operating fleet will be consulted on regarding vehicle utilisation, requirements and specifications. Services will be involved in the procurement evaluation phase of all tender submissions, including sign-off and acceptance of individual bids before any formal purchasing contracts are finalised.

- We also have our statutory obligations regarding the Operator's Licence; the Driver and Vehicle Standards Agency (DVSA) and the Office of the Traffic Commissioner. Please see section 3, point iii.

3. Implications for the Council

Road transport is a fundamental requirement of sustaining business needs. Healthy fleet management is a way for the Council to control costs, improve productivity, lower risk and maintain compliance in our vehicle fleet. Road transport is also key to improving business efficiency and growth, investing to grow. Maintaining an older vehicle fleet is

counterproductive and provides itself with an array of issues and different degrees of risks. Currently, the Council is operating with an ageing fleet of vehicles due to previous reductions in funding of the Capital Investment VRP.

- The key priorities of maintaining a healthy Capital VRP investment are as follows:

  i. **To ensure that all the Council services have vehicles and plant fleets that are fit for purpose, therefore minimising valuable vehicle maintenance downtimes to avoid critical service delivery disruptions** – Achieved by replacing vehicles at the end of their serviceable lives and not stretching the assets beyond.
  ii. **Climate Change and Air Quality** - Having a modern fleet benefits local air quality through reduction in pollutants such as NOx, SOx, CO^2 and PM10's, this also ensures fuel consumption is optimised.
  iii. **Maintain and protect the Office of the Traffic Commissioners Operators Licence (O Licence)** – Operating vehicles past their recommended optimal replacement years adds a degree of risk to maintaining legal roadworthiness as older vehicles have a greater risk of component failure compared to their newer counterparts. Not complying to the undertakings of the O Licence, could result in a revocation, suspension or curtailment of our licence (removing or restricting the numbers of HGV's we can operate, be it owned, leased or hired assets). This could have catastrophic effects on the Councils statutory services.
  iv. **Support Vision Zero** – Include the latest vehicle safety features within our future fleet specifications.
  v. **Ensure that our Workshops can focus their priorities on keeping vehicles that are within their optimal lifespan roadworthy** – Not having to undertake expensive and complex repairs on a regular basis on vehicles which have past their optimal timespan, is critically important in maintaining operational effectiveness (therefore minimising frontline service disruptions).
  vi. **Maintain duty of care over employees and authorised passengers (HSE requirements)** – A HSE requirement, is to ensure that vehicles are maintained in a safe and fit condition. Vehicle development and improvements in both construction and technology ensure that driver safety is constantly being advanced through the introduction of safety features such as, automatic braking etc. Also, in the event of a vehicle being involved in a major impact, technological advances through the redesigns of crash protection and crumple zones, result in greater vehicle occupancy and third-party protection. Therefore, this can reduce the likelihood of fatal or serious injuries, in line with Vision Zero's aim.
  vii. **Save maintenance costs on expensive vehicle end-of-life repairs** – Repairing vehicles which have surpassed their optimal replacement timescale is not cost effective.
  viii. **Maintain a positive Councils Image** – Ageing vehicles suffer from rust and chassis corrosion. This could affect how the public portray the professionalism of the Council and should be something which we are trying to avoid. It is also extremely costly and time consuming to repair bodywork or a chassis.

3.1 Working with Partners

Transport Services will continue to work with services to understand their current and future needs, by using more controlled methods of fleet replacement and adopting a strategic approach to vehicle replacement for critical service delivery (this involves a support and challenge approach and ongoing market research to understand all options of fleet availability). The Transport Operations Assurance Board will provide the link to service transformation, ensuring services are supported and review their operational delivery models to identify current and future fleet needs.

3.2 Place Based Working

The vehicles listed within this report to be replaced have been tailored to the needs of the services which serve all areas of Kirklees. The vehicle specifications will be written using intelligence from the services, ensuring that all vehicles are designed to meet the needs of the areas and communities that they will be operating in.

3.3 Climate Change and Air Quality

Please see *Sustainability - Impact on key Environmental indicators*.

3.3 Improving outcomes for children

There will be no impact.

3.4 Financial Implications

Vehicle Replacement Programme

- A cost analysis has been completed to compare Capital vs Lease option. Please see Table 5 below:

Table 5. Capital vs lease option.

Year	Capital Forecasted Cost	Lease Forecasted Cost
2025/26	£7,749,000	£10,534,000
2026/27	£551,000	£755,000
2027/28	£682,000	£934,000
2028/29	£5,619,000	£7,698,000
2029/30	£6,679,000	£9,085,000
2030/31	£501,000	£601,000
Total	**£21,781,000**	**£29,607,000**

Please note – The above figures do not include Capital borrowing costs and represent the current fleet profile and therefore maybe subject to change. Forecasted inflation included.

- Leasing would be the more costly option, approx. £7.8m extra funding required over the recommended lifespan of the vehicles.

- Please see Table 1 for the recommended Capital purchase option. The forecasted £21.7m is based on the latest financial and operational modelling. As we move to procurement, we will continue to assess need and value for money, which may create some variance. Prices are also subject to competitive tendering. Identification, procurement, and delivery will be overseen by the Transport Operations Assurance Board.

Invest to Save Waste and Recycling Fleet

- 3 options have been considered:

- **Option 1 - Continue with hire fleet model**

Pros

- Short lead-times (within 2 weeks), providing right specification vehicle available on the market

Cons

- Most expensive option. Current weekly hire cost of a 26t RCV is £239 per day, £4.8k - 4 weeks

- Some of the hired RCV fleet is older than our Capital fleet
- Uncontrollable inflation and price escalations
- Unreliable and have to wait for hire companies to rectify faults (increasing fleet downtimes)
- Not always available, specifically 18t RCV's or more specialist units
- Outsourced maintenance (risk to the Operator's Licence – loss of degree of control)
- Administration resource demanding (invoicing, recharging and corresponding with hire companies)
- No partial cost recuperation upon end of life, asset not owned

- **Option 2 - Leasing model**

Pros
- No initial large Capital outlay

Cons
- More expensive than Capital purchase. A 26t RCV on lease costs £36k per year, £288k over an 8-year useful economic life period. This is £78k more than a Capital purchase RCV over the same 8-year period
- Same lead-times as Capital purchase, up to 18 months from point of order
- No cost recuperation, don't own asset
- Additional cost on return conditions
- Costly maintenance package (outsourced, risk to the Operator's Licence – loss of degree of control)
- More resource intensive (invoices, arranging agreed repairs etc.)
- Leasing now classed as prudential borrowing

- **Option 3 - Capital purchase model**

Pros
- Most value for money model, saving an avg. £78k per RCV over 8-year period vs hire cost
- Fleet owned outright, more flexibility for future specification modifications (such as replacing on-board weighers and installing new telematics etc.)
- In-house maintained (lower risk to Operators Licence)
- Return on end-of-life asset upon point of sale

Cons
- Initial outlay

3.5 Legal Implications

Procurement of new vehicles will comply with the Council's Contract Procedure Rules 2024 and the UK procurement regulations. The Council has a duty to obtain Best Value under the Local Government Act 1999.

3.6 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Health and Safety Oversight Risk Matrix. Operating vehicles beyond their UEL is a risk to the organisations Operators Licence, regarding the following undertaking:

- *'Motor vehicles and trailers, including hired vehicles and trailers, are kept fit and serviceable;'*

- This risk is reiterated in the DVSA's Guide to Maintaining Roadworthiness, the regulators legal document:

  *'**Older vehicles and trailers***
  National statistics show that as vehicles and trailers age, the average annual MOT failure rate increases and they are more likely to experience in-service roadworthiness defects than newer vehicles'.

- As previously outlined within this report, the risk of not maintaining legal roadworthiness in severe non-compliance terms could result in a revocation, suspension or curtailment of our licence. For example, recently another local authority had to call off its domestic, trade and garden waste collections after its Operator's Licence was revoked regarding not meeting a requirement of the licence.

- **Integrated Impact Assessment (IIA)**

  Completed, no impact**.** Integrated Impact Assessment - Fleet Replacement and Investment

4 Consultation

No requirement for a formal consultation.

5 Engagement

- The Vehicle Replacement Programme (VRP) is a running Capital commitment programme, managed by Transport Services, a Corporate enabling service. The VRP is an investment in the Council's fleet of the future, a fleet that enables and supports Council operations.

- Engagement with services regarding specific fleet requirements is a rolling commitment, including services reviewing their individual operational delivery models; to ensure that the fleet required and procured is efficient, fit for purpose, the latest emissions standards and provides value for money for the people of Kirklees.

6 Options

6.1 Options Considered

Vehicle Replacement Programme

We have undertaken an analysis to see best value regards procuring vehicles:

- Option 1: Capital Purchase: Seek to capital purchase replacement vehicles at the end of their economic life. (Recommended)
- Option 2: Lease hire: Procure long term lease arrangements for replacement vehicles at the end of their economic life.
- Option 3: Spot Hire: Continue to operate the fleet until failure and replace with spot hire arrangements. Spot hire is 73% more costly than option 2's lease hire (annual difference per vehicle comparison).

It is recommended that Option 1 is taken. This represents the best value for money in terms of whole life costs. Option 2 on average would cost an additional 29% more than capital purchase. Option 3 would be even greater than this, and would also run the risk of service failure, as we would be subject to market availability for any hired replacement as and when they were required.

Invest to Save Waste and Recycling Fleet

Three options have been evaluated:

- Option 1: Continue with hire fleet model
- Option 2: Leasing model
- Option 3: Capital purchase model.

It is recommended that Option 3 is taken. This is the cheapest option, best value for money model, lowest risk to Operator Licence and Waste operations.

Option 1 and 2 have been discounted as these are more expensive models, adding more risk to the organisation on financial and operational factors.

- **Winter Service Review - Bulk Gritters**

Two options have been evaluated for bulk gritters:

  - Option 1: Continue with hire of bulk gritters each winter.
  - Option 2: Capital purchase model.

It is recommended that Option 2 is taken. This is the best value for money model and supports the Council with achieving savings targets.

6.2 Reasons for recommended Option

The capital purchase of assets options for all 3 reviews, were the lowest overall cost option and presented best value for money.

7 Next steps and timelines

- Transport Services will continue to manage the VRP and deliver the vehicles necessary to meet service needs working in conjunction with Procurement. They will also report into the Transport Operations Assurance Board, providing metric savings updates on optimisation and ongoing support to services to assist transformation change and delivery models.

8 Contact officers

Vehicle Replacement Programme and Invest to Save Waste and Recycling Fleet

- Nick Clegg-Brearton CMILT (Fleet and Transport Manager)
  Email: Nick.Clegg-Brearton@kirklees.gov.uk
  Tel: 01484 221000

- Neil Conway (Operational Manager - Waste & Recycling)
  E-mail: Neil.Conway@kirklees.gov.uk
  Tel: 01484 221000

Winter Service Review Bulk Gritters

- Robert Jowitt (Highways Programme Manager)
  E-mail: Robert.Jowitt@kirklees.gov.uk
  Tel: 01484 221000

9 Background Papers and History of Decisions

- 09th April 2024 - Vehicle Replacement Cabinet Report
- 24th December 2021 – Vehicle Replacement Cabinet Report
- November 2018 - Vehicle Replacement Cabinet Report

10 Appendices

- None

11 Service Director responsible

- Graham West (Service Director - Highways & Streetscene)
  Email: graham.west@kirklees.gov.uk
  Tel: 01484 221000