

PERTH AND KINROSS COUNCIL**Strategic Policy and Resources Committee****30 November 2016****Fleet and Mechanical Equipment Assets Annual Status Report****Report by Director (Environment)****PURPOSE OF REPORT**

This report presents a status summary of the Council's Fleet and Mechanical Equipment (FaME) assets as at 31 March 2016. It describes the current condition of the asset and provides an opportunity to confirm the Fleet Replacement Programme approved in the FaME Asset Management Plan within current agreed funding.

1. BACKGROUND

- 1.1 The role of Fleet Management is to ensure that Perth & Kinross Council has the right vehicles, plant and equipment in the right place at the right time and at the right cost. Our fleet must fully meet regulatory requirements and support the strategic, corporate and service goals and objectives of the Council and assist good service delivery.
- 1.2 A FaME asset is defined as; 'All fleet and mechanical equipment that requires maintenance, calibration and/or a safety & inspection test'.
- 1.3 The FaME Asset Management Plan was approved by the Strategic Policy and Resources Committee on 17 June 2015 (Report No: 15/255 refers). The Plan requires the publication of an annual status report.
- 1.4 The asset management system used to record data on our FaME assets is Key2. This holds detailed information on our FaME assets and enables whole life costing and accurate spend forecasting to be carried out.
- 1.5 The current gross book value of FaME assets on the Perth & Kinross Council asset register is £18,051,147.
- 1.6 This report presents a status summary of the Council's FaME asset as at 31 March 2016 with future Capital Investment decisions for the fleet replacement programme approved in the FaME Asset Management Plan. This report confirms the vehicle replacement programme for 2016. The figures quoted within the report are as at 31 March 2016, unless otherwise stated.

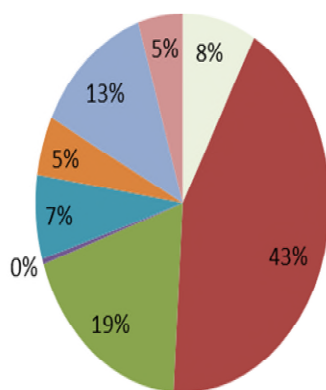
2. CONDITION

2.1 The status of the FaME asset is provided in terms of current replacement age, usage, the outputs delivered from Council investment and statutory performance indicators.

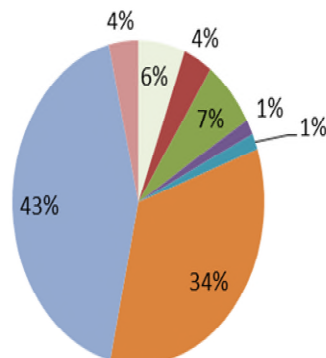
2.2 The Council's current FaME assets comprises the following:

Asset Classification	No	Total Acquisition Cost
Car	127	£1,456,160
Commercial over 3.5 tonne	86	£7,750,619
Commercial under 3.5 tonne	159	£3,377,273
Demountable Body	36	£85,545
Minibus	38	£1,300,333
Other e.g. Skips, Recycling Bells, Containers & Vehicle Ramps	749	£916,151
Plant	993	£2,281,345
Trailer - semi & towed	88	£883,721
Total	2276	£18,051,147

Percentage breakdown of FaME Assets by Expenditure

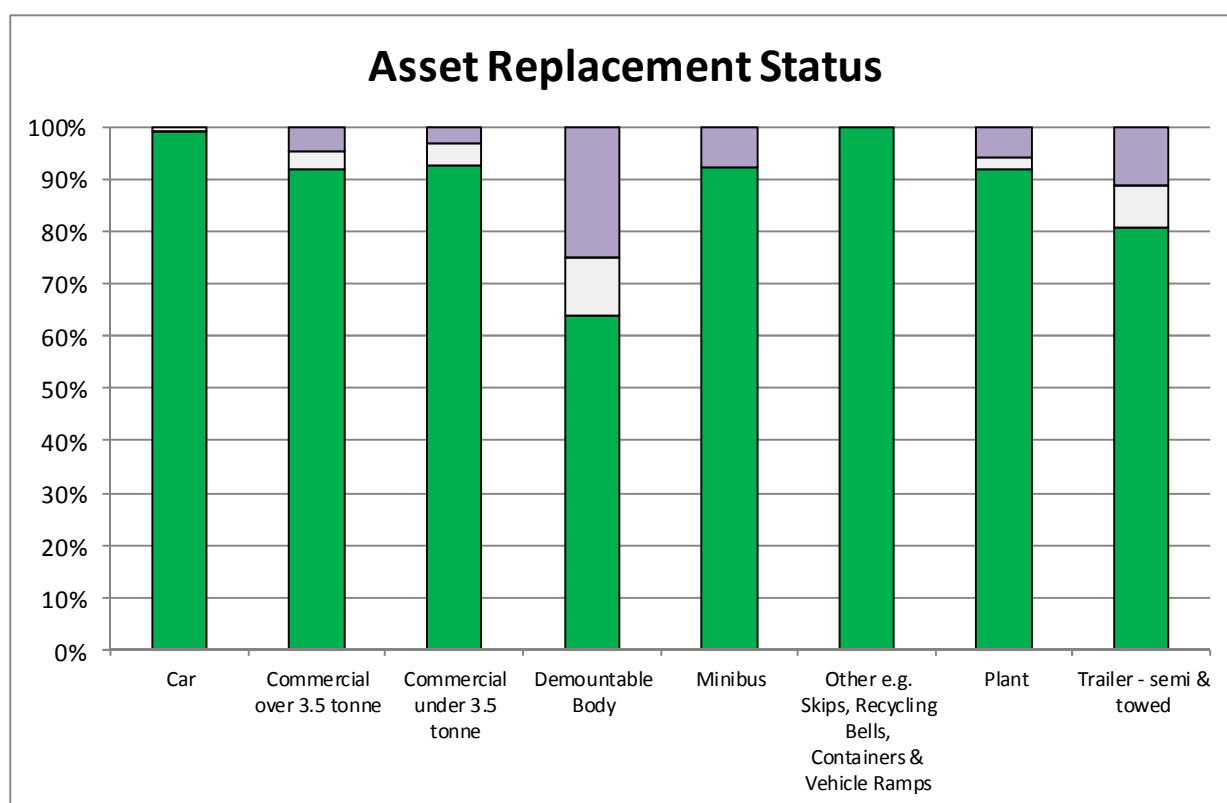


Percentage Breakdown of FaME Assets by Classification



Car
Commercial over 3.5 tonne
Commercial under 3.5 tonne
Demountable Body
Minibus
Other e.g. Skips, Recycling Bells, Containers & Vehicle Ramps
Plant
Trailer - semi & towed

- 2.3 The anticipated life of assets is reviewed at regular intervals based on the information and data recorded, and held, on Key2 as noted in the FaME Asset Management Plan.
- 2.4 As an asset approaches its replacement date, Fleet Management will determine whether to replace the asset using a set criteria as outlined in the FaME Asset Management Plan. As explained in the asset management plan, the asset will be subject to rigorous checks to ensure replacement offers best value.
- 2.5 The chart below shows a breakdown of FaME assets by classification and at which stage in their expected life cycle the assets are currently assessed as being at.



Green	The asset is not due for replacement
White	The asset has passed its replacement date by up to 1 year
Purple	The asset has passed its replacement date by over 1 year

- 2.6 The chart illustrates that through a programme of systematic checking, fleet management currently assess which assets can continue to be safely used beyond their expected replacement date. This saves unnecessary replacement costs. Demountable bodies on Council vehicles are the asset type most frequently in operation beyond their expected replacement date. However, these assets are rotated depending upon operational requirements so their life expectancy can vary.

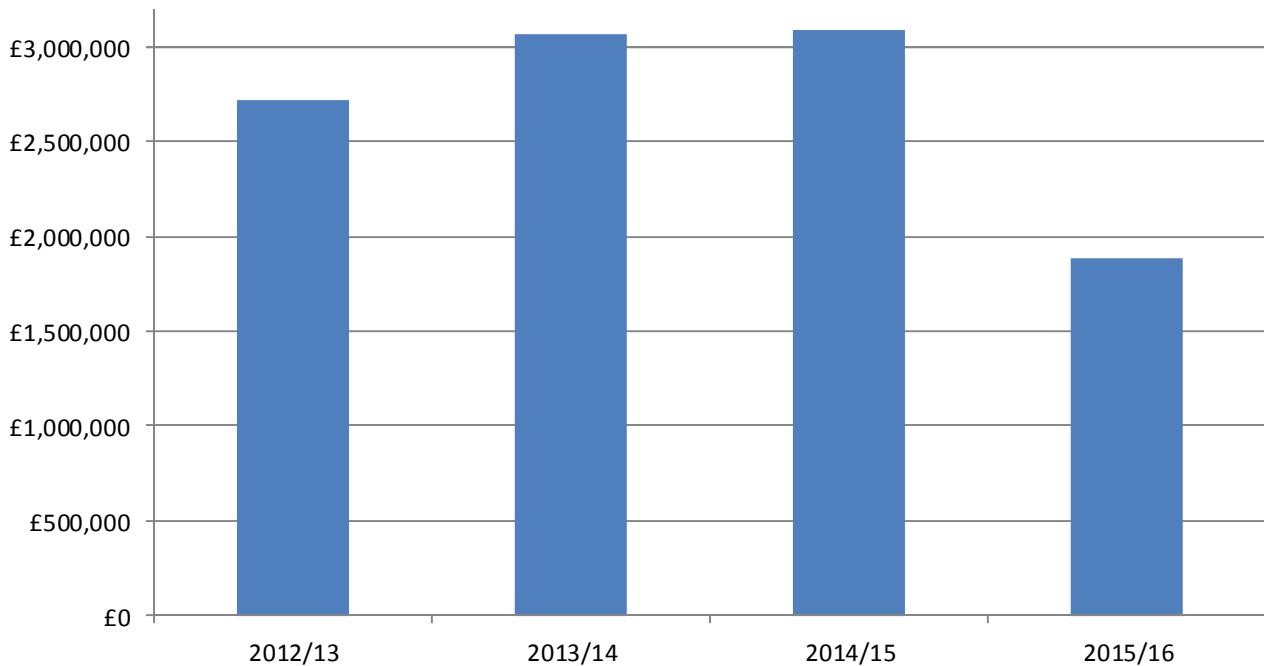
3. PERFORMANCE INDICATORS

- 3.1 The Driver and Vehicle Standards Agency (DVSA) monitor performance against their nationally standardised performance indicators and issue the results monthly. Performance against targets for financial year 2015/16 is shown in Appendix 1.
- 3.2 Following the Fleet Internal Audit Report (June 2014), it was agreed that the frequency of HGV safety inspections will be benchmarked internally to ensure compliance and reported monthly to the The Environment Service operations management meeting.
- 3.3 The Council's Fleet Management Team are members of the Association for Public Service Excellence (APSE) Transport and Mechanical Advisory Group which establishes standard performance indicators to benchmark against other local authorities. Perth & Kinross Council will submit their first submission for financial year 2015/16. The results provided by the APSE performance network will help drive performance improvement by benchmarking against other local authorities.

4. FINANCE

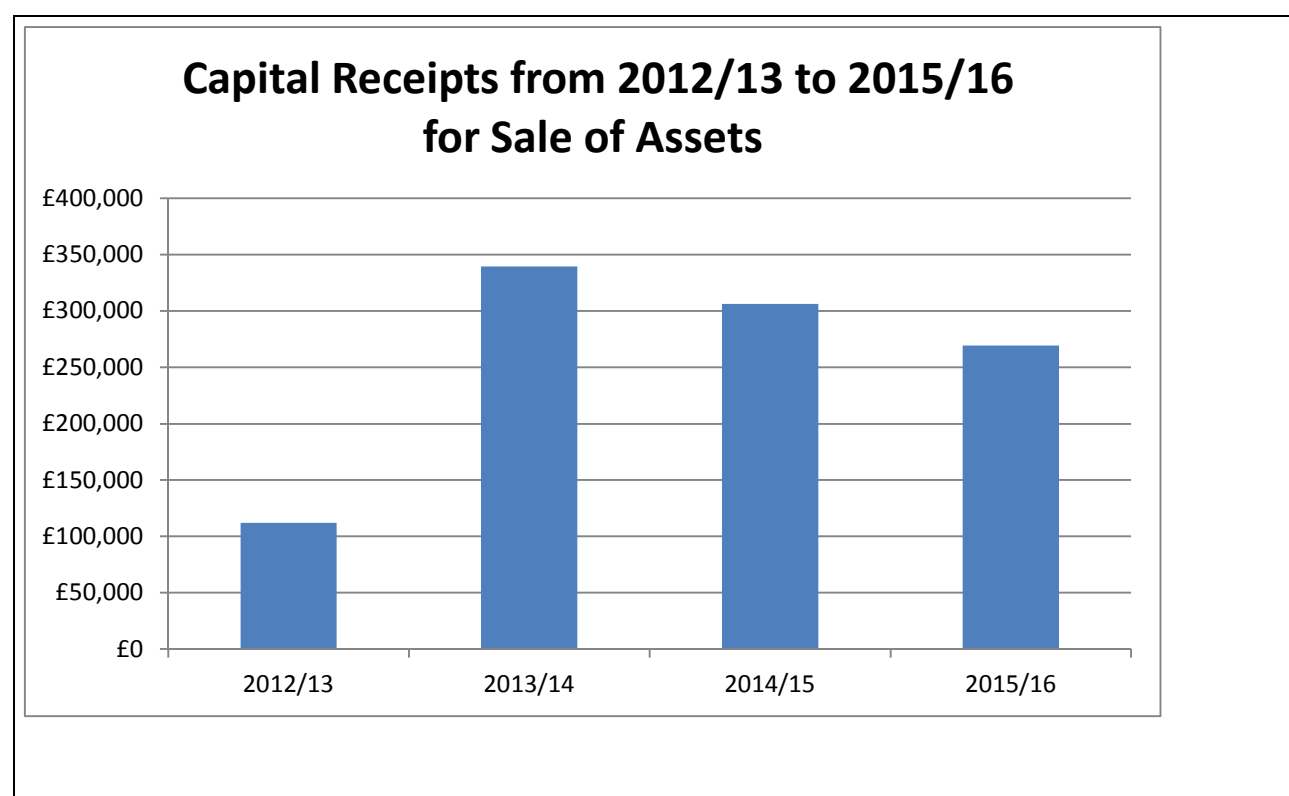
- 4.1 Investment in fleet and mechanical assets is funded from Capital through prudential borrowing. The annual replacement budget fluctuates in line with the fleet replacement programme and for 2015/16 was approximately £1.9 million.

Expenditure on Investment In FaME Assets From 2012/13 to 2015/16

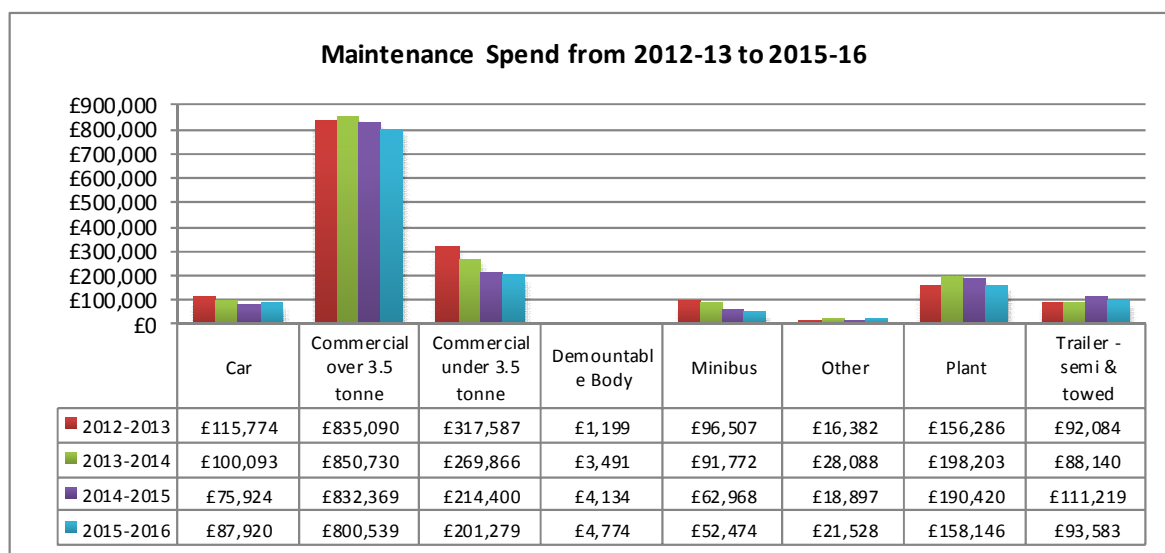


- 4.2 Appendix 2 shows a breakdown of asset types purchased between 2012/13 and 2015/16. It also provides a breakdown of the fleet replacement programme by asset type. This indicates that 12 cars were due to be replaced in 2015/16 but only 9 were replaced - this was due to 3 cars having low mileages resulting in their replacement dates being extended. Similarly with panel vans; 7 were due for replacement with 3 replaced, 3 carried forward due to low mileage and 1 disposed of due to being beyond economical repair and no longer required.
- 4.3 During 2015/16, additional vehicles and plant were purchased due to sports pitches now being maintained in-house. These included one vehicle, various tractor attachments and plant for grounds maintenance. An additional vehicle was also purchased for Housing and Community Care, Building Maintenance and Repairs team to replace a long term hire.
- 4.4 Appendix 2 shows that plant due for replacement was 71 but only 19 items of plant were replaced. The plant category covers a wide variety of asset types and values, therefore each asset needs to be reviewed individually to ensure best value is achieved. Service utilisation will also have an impact on the life of an asset. As such, it is difficult to predict an average expected service life for this category.

- 4.5 Appendix 3 shows the vehicle replacement programme for 2016/17. Fleet Management have identified that a large number of plant allocated to Community Greenspace is due for replacement and a full audit of condition and usage will be carried out during 2016/17.
- 4.6 When an asset reaches the end of its life, it will be disposed of in accordance with the Fleet Disposal Policy. If the asset is sold at auction or scrapped, this will result in a capital receipt and used to offset prudential borrowing. The table below shows the capital receipts for the last 4 years.



- 4.7 The amount of capital receipts can vary substantially year on year depending on the type of asset disposed of. Appendix 4 gives a breakdown of asset types disposed of between 2012/13 and 2015/16.
- 4.8 The ongoing revenue costs of maintaining the Council's FaME assets together with associated Fleet Management costs are met from Service budgets based on their asset use.
- 4.9 The maintenance spend for FaME assets over the last 4 years is detailed below and has been calculated using the Council's Key2 system and separated into asset type:



- 4.10 Maintenance spend on cars and commercial vehicles under 3.5 tonnes has dropped due to a change in the frequency of inspections. The decision to reduce the frequency was taken following a maintenance review which analysed benchmarking with other local authorities, increased manufacturers service schedules and current industry good practice.
- 4.11 Additional costs of £290,000 for insurance and £113,809 for Road Fund Licences are excluded from the graph as these costs are determined by external sources of Fleet Management. However, these costs are recovered through the annual recharge to Services.

5. CONCLUSION AND RECOMMENDATIONS

- 5.1 As part of the Council's Transformation Programme 2015-2020, the Committee has previously approved a Council Vehicle Fleet Utilisation and Optimisation Review (Report 15/397 refers). The review will focus on the use of the Council's smaller vehicle fleet. The annual mileage of these vehicles varies with a large number of vehicles returning low annual mileages. The review objective is to identify route optimisation and more efficient utilisation of the vehicles through the use of technology. This will provide information on identifying the scope for potential reductions in the overall vehicle fleet and situations where low carbon vehicles could be used, reducing the Council's carbon footprint.
- 5.2 The Council's Fleet Management Team are members of the APSE Transport and Mechanical Advisory Group which establishes standard performance indicators to benchmark against other local authorities. Perth & Kinross Council will submit their first submission for financial year 2015/16, in line with other councils.

5.3 It is recommended that the Committee:

- i. Notes the contents of the report.
- ii. Requests the Director (Environment) to submit an annual report on the performance of, and investment in, the Council's Fleet and Mechanical Equipment Assets in accordance with the approved Asset Management Plan, including benchmarking information.

Authors

Name	Designation	Contact Details
Sue Terras	Corporate Asset Management Team Leader	01738 475000 TESCommitteeReports@pkc.gov.uk
Bill Morton	Fleet Manager	01738 475000 TESCommitteeReports@pkc.gov.uk

Approved

Name	Designation	Date
Barbara Renton	Director (Environment)	21 October 2016

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan / Single Outcome Agreement

- 1.1 The proposals relate to the delivery of the Perth and Kinross Community Plan/ Single Outcome Agreement in terms of the following priorities:

- (i) Promoting a prosperous, inclusive and sustainable economy;
- (ii) Supporting people to lead independent, healthy and active lives; and
- (iii) Creating a safe and sustainable place for future generations.
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 The Council's Corporate Plan 2013-2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resource allocation. These are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, health and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.3 This report contributes to objective (iii).

2. Resource Implications

Financial

- 2.1 There are no direct financial or resource implications arising from this report. Financial requirements for FaME maintenance and replacement will be addressed through the existing budget.

Workforce

- 2.2 There are no workforce implications directly associated with this report.

Asset Management (land, property, IT)

- 2.3 This report is the Fleet and Mechanical Equipment Asset Annual Status Report.

3. Assessments

Equality Impact Assessment

- 3.1 Assessed as not relevant for the purposes of EqIA.

Strategic Environmental Assessment

- 3.2 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 3.3 The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.5 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

- 3.6 No direct legal implications within this report.

Risk

- 3.7 There is a risk to the travelling public and reputational/legal risk to the Council if our Fleet is not maintained.

4. Consultation

Internal

- 4.1 Fleet Management and Corporate Finance Teams have all been consulted in the preparation of this report.

External

- 4.2 No external consultation took place.

5. Communication

- 5.1 None.

2. BACKGROUND PAPERS

- 2.1 There are no background papers with this report.

3. APPENDICES

- 3.1 Appendix 1 – Summary of current DVSA performance indicators.
- 3.2 Appendix 2 - Historical Investment Breakdown by Asset Type.
- 3.2 Appendix 3 - Capital Replacement Programme 2015/16.
- 3.3 Appendix 4 - Breakdown of assets types disposed of between 2012/13 and 2015/16.

