

Report of	Meeting	Date
Director (Customer and Digital) Introduced by (Executive Member (Resources))	Full Council	Tuesday, 16 April, 2024

Capital Budget for Fleet Replacement

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. Establishment of a capital budget for fleet purchases/ replacements

Recommendations

2. To establish a capital budget of £300,000 recurring annual budget for fleet replacement.

Reasons for recommendations

3. There is currently no budget for fleet purchases and some of the fleet is nearing the end of its operational lifespan.

Other options considered and rejected

4. No capital budget in place for purchasing replacement fleet. This will restrict options for replacing fleet items.

Corporate priorities

5. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

6. The Councils fleet is managed by Streetscene & Waste and there is currently no capital budget in place to cover the cost of purchasing new fleet vehicles. There is a revenue budget for lease/ hire of fleet vehicles although IFRS 16 now means that

items that are purchased and then leased or leased outright from the start will require capital budget approval.

7. Fleet vehicles are acquired either through outright purchase or lease/ hire. Previously some vehicles have been purchased and then been passed on to a lease company with the revenue budget utilised to cover the leasing cost.
8. The existing revenue budget can be utilised to cover lease costs and/ or cost of borrowing as required. The estimated cost of the borrowing would be £30k over a five-year life of the asset for a value of £130k.
9. A procurement exercise was undertaken for the outright purchase of four ride on mowers. This has not been concluded as there is currently no budget in place to purchase the mowers. The total cost of these mowers is approximately £130k
10. There are a number of vehicles, such as tipper vans, that are reaching the end of their operational life and need to be replaced over the next 1-2 years. As a result, a recurring budget is requested to enable purchases to come forward when required. This capital budget will be funded from the existing revenue budget held within the service for lease/hire costs.

Climate change and air quality

11. The work noted in this report has an overall neutral impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council. Although reduced or zero emission vehicles will be considered as part of fleet any replacement program.
12. In particular the report impacts on the following activities:
 - a. net carbon zero by 2030,
 - b. sustainable forms of transport
 - c. air quality

Equality and diversity

13. There are no equality implications or considerations identified.
14. No impact assessment has been completed but consideration will be given when new fleet vehicles are being purchased.

Risk

15. Not having a capital budget in place will restrict fleet replacement. Not replacing fleet vehicles it is likely impact on service delivery as the fleet becomes less reliable. Maintenance costs are also likely to increase putting further pressure on revenue budgets.

Comments of the Statutory Finance Officer

16. As this is an existing revenue budget cost within the service for the hire and leasing of existing assets it is not anticipated the creation of the £300k capital budget will create an additional cost pressure. The existing revenue budget will be vired, as appropriate, dependant on whether the assets are purchased (and therefore incur borrowing costs) or if they are leased, to ensure costs and budgets are aligned.

Comments of the Monitoring Officer

17. There are no concerns with this report from a Monitoring Officer perspective.

Background documents

There are no background papers to this report.

Appendices

There are no appendices to this report.

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