



**Report of** Terry Pycroft, Head of Fleet Services  
**Report to** Chief Officer, Civic Enterprise Leeds  
**Date:** 30<sup>th</sup> January 2015  
**Subject:** Design & Cost Report for the Future Asset Replacement Programme at Fleet Service's York Road Depot

**Scheme Number:**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. Fleet Services is responsible for procuring, maintaining and disposing of Leeds City Council's fleet of vehicles which are used in providing a vast range of diverse services that includes commercial and waste collections and disposals to the transportation of elderly and vulnerable people. The Fleet consist of 1200 vehicles ranging from 32ton refuse vehicles to light weight refrigerated vehicles that used for delivering meals on wheels.
2. In order to keep Leeds City Council's fleet on the road and in tiptop condition, Fleet Services has its own workshops which are equipped with machinery and tools that are needed to service and maintain the existing fleet.
3. Vehicles in recent years have increased in both size and overall weight, reducing the options to use the existing equipment such as the vehicle ramps presently used in the workshop.
4. An asset appraisal of the workshop and its machinery and tools, which include vehicle lift capacity, identified that this equipment will need to be replaced over the next few years and the workshop will need a programme of refurbishment as the equipment is replaced.

5. As a result of the asset appraisal, costs for replacing equipment and necessary workshop refurbishment has been calculated to establish the financial impacts on Fleet Services over the next four to five years. The total cost of the capital scheme is £290k and it is intended to repay this through prudential borrowing via the 'Invest to Save' scheme..

### **Recommendations**

The Chief Officer of Civic Enterprise Leeds is recommended to approve an injection and give Authority to spend £290k to undertake the replacement of aged equipment and the necessary refurbishment to the workshops of Fleet Services.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek an injection and the Authority to spend £290k in respect of equipment items requiring replacement, including associated refurbishment work at Fleet Services workshops, which are all essential to future works provided by the service.

## **2 Background information**

- 2.1 Historically fleet vehicles were smaller in size with a basic vehicle specification. In recent years the fleet profile has changed with an increase on vehicle size and more detailed specifications including Euro 5 and 6 engines, air conditioning and other added or vehicle enhancements.
- 2.2 The workshop machinery and tools equipment was designed to maintain the historic fleet smaller vehicles and have been in place sometime. Workshop plan and equipment layout is shown in Appendix II.
- 2.3 Due to the changes in modern fleet vehicles it was decided to conduct a workshop asset appraisal of the equipment and its environment used to maintain and service the present fleet.

The findings were as follows:-

- Fleet Services has in excess of 9 vehicle lifts both fixed and mobile. Ongoing maintenance of the equipment is proving both costly and impacting on the vehicle maintenance service.
- The oldest item of equipment is the vehicle ramps which are causing restrictions in vehicle accessible due to its size and ongoing maintenance problems. These lifts are proving to be beyond economical repair with the oldest being over 40 years old.
- One lift has already been removed from service as parts have become obsolete. This has been clarified with both the contracted service provider and the manufacturer.
- In addition to the vehicle ramps other equipment is required to meet legislative functions around the MOT facility which includes new smoke tester equipment and rolling road upgrade.
- A number of items are required to improve the service and maintenance of vehicles reducing external sub-contractor costs and these include air conditioning equipment, vehicle diagnostics and hydraulic press facility.
- The depot was last painted in excess of 10 years previously and requires upgrading to improve the lighting and working environment of the current infrastructure.

- 2.3** The findings of the asset appraisal showed that due to the existing problems encountered and the age profile of the equipment a replacement strategy needed to be implemented.

### **3 Main Issues**

#### **3.1 The Issues**

- 3.1.1 Fleet Services is responsible for procuring, maintaining and disposing of Leeds City Council's fleet of vehicles which are used in providing a vast range of diverse services that includes commercial and waste collections and disposals to the transportation of elderly and vulnerable people.
- 3.1.2 In order to keep Leeds City Council's fleet on the road and in tiptop condition, Fleet Services has its own workshops which are equipped with machinery and tools that are needed to service and maintain the existing fleet.
- 3.1.3 Vehicles in recent years have increased in both vehicle size and overall weight, reducing the options around the use of the present equipment such as vehicle ramps in the current facility at York Rd.
- 3.1.4 Existing equipment is becoming unreliable and affecting the smooth running of the workshops, delays are being encountered with vehicles waiting for available ramps.
- 3.1.5 Maintenance costs for existing equipment is continually rising year on year with equipment becoming obsolete, difficulty in obtaining parts adds additional constraints to maintenance.
- 3.1.6 More modern ramps have a number of safety devices and lighting not previously available at the point of original purchase.
- 3.1.7 More up to date equipment will reduce the need for external maintenance of vehicles and associated costs.
- 3.1.8 The cost for replacing the equipment and the refurbishment works has been established as £290k and it has been decided to raise this sum through 'invest to save' scheme.
- 3.1.9 Auction value of old equipment will be used to offset some of the initial replacement installation costs.
- 3.1.10 The vehicle lifts will be part of a replacement programme planned over forthcoming years to minimise impact on the service area.
- 3.1.11 A workshop refurbishment will run alongside the replacement programme to include painting to improve lighting, increase signage visibility and improve working environment.
- 3.1.12 Other equipment will be part of a prudential borrowing strategy.

## **3.2 Design Proposal and Full Scheme Implementation**

3.2.1 The cost for replacing the equipment and the refurbishment works has been established as £290k.

3.2.2 It is intended that this sum will be raised through prudential borrowing inline with the 'invest to save' scheme and the capital sum will be paid back over 10 years at a total annuity amount of £366k.

3.2.3 It is intended to carry out workshop refurbishment and equipment replacement over a four year period (Appendix I) as per the following programme:-

Year 1 – Replace 2 x 3 ton ramps, 1 x 5 ton ramp, 1 x HYWEMA 26 ton lift, 1 x MOT emissions tester, 1 x Wash Ramp Unit and associated work on the workshop refurbishment.

Total Cost £114.5K.

Year 2 – Replace 1 x 3 ton ramp, 1 x HYWEMA 26 ton lift, 1 x MOT Brake and associated work on the workshop refurbishment.

Total Cost £79.5K.

Year 3 – Replace 1 x 3 ton ramp, 1 x HYWEMA 26 ton lift, 1 x Hydraulic Press, and associated work on the workshop refurbishment.

Total Cost £52K.

Year 4 – Replace 1 x 5 ton ramp, 1 x HYWEMA 26 ton lift and associated work on the workshop refurbishment.

Total Cost £44K.

3.2.4 Year 1 of the scheme implementation will see the largest investment in the replacement and upgrade of the workshop equipment. This will ensure that identified saving will be realised at the earliest possible opportunity and will be used to repay the capitol borrowed.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 Fleet Service have consulted with their staff, workshop engineers, union safety representatives, convenors, customers and clients and have their full support in modernising the workshop.

## 4.2 Equality and Diversity / Cohesion and Integration

An independent impact assessment is not required for the approvals requested.

## 4.3 Council policies and City Priorities

This work will be carried out in accordance with the requirements of the Council's range of policies, plans and strategies.

## 4.4 Resources and value for money

4.4.1 Full Scheme Cost has been prepared and is attached as Appendix I. The full costs for the equipment upgrade and workshop refurbishment will be £290k.

4.4.2 Capital Funding and Cash Flow is detailed below and will be implemented in line with item 3.2.3.

CONSTRUCTION (3)	56.0	7.2	7.2	7.2	7.2	
FURN & EQPT (5)	234.0	107.3	72.3	44.8	36.8	
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
<b>TOTALS</b>	<b>290.0</b>	<b>114.5</b>	<b>79.5</b>	<b>52.0</b>	<b>44.0</b>	<b>0.0</b>

Total overall Funding Available	TOTAL £000's	FORECAST				
		2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019+ £000's
Unsupported Borrowing	290.0	114.5	79.5	52.0	44.0	
Total Funding	290.0	114.5	79.5	52.0	44.0	0.0
<b>Unsupported Borrowing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

4.4.3 Revenue Business Case – details show the burrowing of £290k will cost the service £144k in the first five years, but savings realised through the reduced use of subcontractors, overtime, maintenance and the scrap value of the old machinery will produce a net saving of £48k over this period.

	2015-16 £000s	2016-17 £000s	2017-18 £000s	2018-19 £000s	2019-20 £000s	TOTAL £000s
Financing Costs	14	25	31	37	37	144
Other Revenue Costs						
<b>Total Costs</b>	<b>14</b>	<b>25</b>	<b>31</b>	<b>37</b>	<b>37</b>	<b>144</b>
Sub-Contractor –	15	15	15	15	15	75

Air Condition Unit						
Overtime	5	5	5	5	5	25
Scrap / Auction old value	10	7	5	3		25
Equipment Maintenance	10	10	13	17	17	67
<b>Total Savings</b>	<b>40</b>	<b>37</b>	<b>38</b>	<b>40</b>	<b>37</b>	<b>192</b>
<b>Net Savings</b>	<b>26</b>	<b>12</b>	<b>7</b>	<b>3</b>	<b>0</b>	<b>48</b>

#### 4.5 Legal Implications, Access to Information and Call In

4.5.2 Due to the prudential borrowing being over £250k the decision will be a key decision and therefore will be subject to Call In.

4.5.3 The Chief Officer Civic Enterprise Leeds has the authority to make this decision under powers granted under Part 3 of the Councils Constitution

#### 4.6 Risk Management

4.6.1 The investment on the plant and equipment will ensure Vehicle compliance and help Fleet Services maintain LCC's 'O' operator licence which is a mandatory requirement for fleet operators.

4.6.2 **Risk Assessments** – All operational risk assessments and method statements are in place for the workshop.

4.6.3 **Design Issues** – All equipment has been chosen with the extra capacity for not only the current fleet but also for future needs. All installations will be independently tested once installed.

4.6.4 **Financial Issues** – A fixed price quotation has been provided by the supplies for the equipment and machinery required..

4.6.5 **Service Delivery Issues** – The implementation plan has been designed to ensure that there will not be any interruption to normal service and after year one workshop capacity will have increased which will improve service delivery.

4.6.6 **Programme Issues** – progress will be fully monitored by the Head of Service and the Finance manager..

### 5 Conclusions

5.1 The asset appraisal of the workshop and its machinery and tools, which include vehicle lift capacity, identified that Fleet Service workshop tools and equipment will need to be replacement over next few years and the workshop will need a programme of refurbishment as the equipment is replaced. It has also been identified that if this replacement strategy is not implemented then Fleet Service will incur ongoing higher running cost through ever rising and unpredictable

maintenance cost and machinery breakdowns and the continuing dependency on contractors to undertake the work that Fleet Services equipment cannot deal with. This situation could easily lead to failed service delivery within the council as vehicles will not be guaranteed to being serviced and maintained on time.

## **6 Recommendations**

- 6.1 The Chief Officer of Civic Enterprise Leeds is recommended to approve an injection and give Authority to Spend £290k to undertake the replacement of aged equipment and the necessary refurbishment to the workshops of Fleet Services.

## **6 Background documents<sup>1</sup>**

Appendix I - Fleet equipment replacement plan (5 years)

Appendix - York Road equipment site plan

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.