



CABINET

6TH MARCH 2014

AGENDA ITEM (8)

CAPITAL INVESTMENT IN ENVIRONMENTAL WARDEN VEHICLES

Accountable Member	Councillor David Fowles Cabinet Member for Environment
Accountable Officer	Claire Locke Head of Environmental Services 01285 623427 claire.locke@cotswold.gov.uk

Purpose of Report	To seek the investment of capital in replacement vehicles for the Environmental Warden Service
Recommendation(s)	That a sum of £25,000 be allocated from useable capital receipts to fund the purchase of two new vehicles for use by the Environmental Warden Service
Reason(s) for Recommendation(s)	The Council has previously leased vehicles for the Environmental Warden Service, and currently uses second-hand vehicles. The current vehicles have been found to be unfit for purpose and need to be replaced. Allocating the Council's own capital to fund the purchase of these vehicles presents the best opportunity to obtain suitable vehicles whilst reducing revenue expenditure

Ward(s) Affected	All
Key Decision	No
Recommendation to Council	No

Financial Implications	Detailed in paragraph 4 below
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	None
Equalities Analysis	Not required

Related Decisions	None
Background Documents	None
Appendices	None

Performance Management Follow Up	Revenue expenditure on vehicle maintenance and repairs etc. will be monitored and reported to the Cabinet Member if costs exceed the profiled budget
Options for Joint Working	Colleagues in West Oxfordshire District Council assisted with vehicle procurement. The Parking Service vehicle fleet may be managed by the Environmental Services Local Authority Company in the future.

Background Information

1. The Environmental Warden Service has previously leased its vehicles but that lease expired in June 2013. Immediately prior to this, the Council's Parking Service was outsourced to APCOA, which resulted in four Parking Service vehicles, which had previously been purchased second-hand by the Council. Those vehicles were redeployed, with the Environmental Warden Service taking two Peugeot Bipper vans to replace the leased vehicles.
2. Unfortunately, since the Service has been using those vehicles, it has been found that they are not fit for purpose. The vehicles are used regularly to inspect sites where fly tipping has occurred and those sites are frequently located down unmade roads and in remote locations. The vehicles have hard suspensions, which cannot be adjusted and this means that some areas cannot be accessed and that staff health and safety are placed at risk. More suitable vehicles are, therefore, required.
3. The Council currently has a mixture of leased and second-hand vehicles in its small fleet, which comprises seven vehicles in total. In this situation, whilst second-hand vehicle purchase and leasing has been considered, the purchase of two new vehicles is considered to be the best option.
4. **Business Case**
 - 4.1 New vehicles could be purchased at a cost of £25,000 and would depreciate over a period of seven years, although they could remain financially-viable beyond that period. The cost of leasing two vehicles is estimated at £2,500 per vehicle per year, which equates to a total approximate cost of £35,000 over seven years.
 - 4.2 To date, it has not been possible to source two suitable second-hand vehicles, which would fully meet the needs of the Service. However, indicative costs suggest that second-hand vehicles would cost in the region of £6,000 - £8,000 each, but they would then need repair and maintenance, which would be funded from revenue expenditure. It could also be assumed that second-hand vehicles bought when they were three years old would require replacement within a period of four years after purchase.
 - 4.3 The cost of fuel has not been included in the table below as the figures for second-hand vehicles are unknown. Generally, the newer the vehicle is, the more fuel-efficient it will be.
 - 4.4 Whilst a capital purchase is the recommended option, and provision for this has already been made in the Medium Term Financial Strategy, the Cabinet could choose to make a variation to the budget to provide a growth item in the revenue budget for vehicle leasing.

4.5 The following table gives a comparison of costs:-

	<u>Purchase/Lease Cost Year 1</u>	<u>Purchase/Lease Cost Years 2 - 7</u>	<u>Estimated Maintenance/Repair Costs Over the Seven Year Term</u>	<u>Total</u>
<u>Lease</u>	<u>£5,000</u>	<u>£30,000</u>	<u>£0</u>	<u>£35,000</u>
<u>New</u>	<u>£24,300 plus lost investment income £750 per annum assuming 3% interest</u>	<u>£4,500 lost investment interest (£750 per annum)</u>	<u>£5,000</u>	<u>£34,550</u>
<u>Second-Hand</u>	<u>£12,000 - £16,000 plus lost investment income £450 per annum</u>	<u>£12,000 - £16,000 plus lost investment income £4,500 , £450 per annum years 2 – 3 and £900 per annum years 4 - 7</u>	<u>£9,800</u>	<u>£46,750+</u>

(END)