



## **CABINET – 24<sup>TH</sup> JULY 2024**

**SUBJECT: RENEWAL OF WINTER MAINTENANCE FLEET**

**REPORT BY: CORPORATE DIRECTOR ECONOMY AND ENVIRONMENT**

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### **1. PURPOSE OF REPORT**

- 1.1 To seek approval from Cabinet members on the winter maintenance fleet renewal strategy options together with the funding proposals.

### **2. SUMMARY**

- 2.1 As Cabinet is aware, a Winter Maintenance Plan (WMP) has been agreed and is currently in circulation. When considering the WMP and its implementation the fleet replacement strategy is also reviewed to support the front-line service arrangements. The fleet replacement strategy looks at the longer-term provision of winter service delivery.
- 2.2 The current fleet hire arrangements for 5 winter maintenance fleet vehicles are due to expire in 2026 and the current fleet provider (SFS) will not enter into negotiations to extend any lease arrangements as would have previously been undertaken. This has left the service at risk for 2026 and the need for the urgent review.
- 2.3 The gritting vehicles are classed as specialist equipment that are built to order, with a two year lead in time for delivery. Placing orders in July 2024 is therefore required to ensure continuity of service delivery. To delay placing orders could compromise the service and could cause reputational damage to the Authority.

### **3. RECOMMENDATIONS**

- 3.1 Cabinet approve the request to use service reserves along with Revenue Contribution to Capital Outlay (RCCO) of £748,250 for the winter maintenance fleet replacement strategy for the reasons outlined in the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To future proof the service for the next 3 years and beyond. The most cost-effective long-term solution is the outright purchase of these vehicles when compared to Lease

arrangements, thus this approach will be a cost-effective implementation which would provide a significant level of cost avoidance to the Authority over the 5 year lease period and also reduce exposure to the risk of additional failure to the fleet.

## **5. THE REPORT**

5.1 The winter maintenance gritting provision is based around eight gritting routes (previously 9No). Historically, Network Contracting Services (NCS) has maintained a fleet of 13 gritting vehicles to deliver this service. This provision allows for vehicles being off the road for service, inspection, and unforeseen breakdowns. Following a route review reducing the number of routes to 8No the proposal is to maintain a fleet of 12 gritters going forward.

5.2 The end of the CCBC fleet management contract and the refusal by SFS to extend any contract hire of vehicles has prompted a review of the longer-term fleet delivery programme. The current fleet is made up of 8 leased vehicles from SFS and 5 of those are due to expire in 2026. The other 3 leased vehicle leases do not expire until 2029. The remainder of the fleet are owned by CCBC. The specialist nature of the vehicles means there is a two-year minimum lead in delivery time.

5.3 A review of delivery options and costs were considered for the 5 replacement vehicles.

- Outright purchase at £149,650 each (£748,250 in total, plus maintenance costs)
- 5-year leases at £51,688 each per year (£1,292,200 in total, including maintenance costs)
- 5-year Seasonal hire at £24,388 per season. (£609,700 in total, including maintenance costs). Vehicles would not be available outside of the winter period as they are multiuse vehicles.

When comparing costs, a review of estimated maintenance costs was also undertaken. Maintenance costs are estimated at approximately £210 per vehicle per month which equates to a total of £12,600 per annum which is funded from the revenue budget. An additional factor that is considered is that purchased vehicles will generally stay in service for between 7 and 10 years before being sold off.

5.4 A review of funding options was undertaken. There are two reserves set up within the Highways budget that are suitable to use to fund vehicles. A winter maintenance reserve and a SEW reserve. Both reserves are topped up annually as budgets allow. The SEW can currently contribute £86,632 and the winter maintenance reserve £401,632 which gives a total of £488,101.

5.5 The rationale for utilisation of the SEW reserve is that the contract requires provision of Winter Maintenance services dedicated to this PFI road.

5.6 If orders are placed in July 2024 as required, full payment of the £748,250 will not be required until delivery of the vehicles in September 2026. This means the additional funding of £260,149 required can be accrued during 2024/25 and 2025/26 and will be accumulated from moving funding from carriageway resurfacing to the RCCO for fleet renewal.

## 5.7 Conclusion

The refusal of the current lease provider (SFS) to extend the terms of our leases requires us to take prompt actions. The decision to utilise infrastructure reserves as opposed to central reserves will assist the Authority's current financial position. Outright purchase of the vehicles is the most financially viable option compared to new 5-year leases. In addition, we recognise that the vehicles have between 7 to 10 year service life which will deliver additional saving over the longer term.

## 6. ASSUMPTIONS

- 6.1 It is assumed that the infrastructure division will continue to accrue surplus profits and underspends which will replenish the reserves in coming years. This assumption is based on historic accounts that demonstrate the visibility of the proposal.
- 6.2 Should a major snow event occur during winter 2024 or 2025 then the current revenue budget will be utilised should additional funding be required. Previously, during significant snow events additional WG funding has been forthcoming, however, there is no guarantee of this.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An integrated impact assessment is not required for this report.

## 8. FINANCIAL IMPLICATIONS

- 8.1 To maintain the fleet replacement programme the outright purchase of winter maintenance fleet is the most cost-effective long-term solution, at a capital outlay cost of £748,250. Funding of £488,101 will be secured from service reserves and £260,149 from RCCO as detailed in 5.6.

## 9. PERSONNEL IMPLICATIONS

- 9.1 There are no personnel implications.

## 10. CONSULTATIONS

- 10.1 The views of all consultees are included within the report.

## 11. STATUTORY POWER

- 11.1 Highways act (1980)

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Consultees: Dave Street - Deputy Chief Executive  
Mark S. Williams - Director of Economy and Environment  
Richard Edmunds – Director of Education and Corporate Services  
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Marcus Lloyd – Head of Infrastructure  
Lynne Donovan – Head of People Services  
Robert Tranter – Head of Legal Services and Monitoring Officer  
Stephen Harris – Head of Financial Services and S151 Officer  
Leanne Sykes – Deputy Head of Financial Services and S151 Officer  
Robert Hartshorn – Head of Public Protection, Community and Leisure Services  
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