



Vehicle Replacement & Fleet Utilisation Policy

To be considered as part of the overarching Fleet Strategy

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1. Introduction

Fleet management is the function that oversees, coordinates and facilitates various transport and transport related activities. For the purpose of this document it will cover vehicles involved in the movement of goods and delivery of front line services; the management of light vehicle fleets used in the transportation of people and light cargo; possibly motorbikes and other equipment such as trailed-plant and handling equipment. Fleet management underpins and supports transport related activities through the management of the assets that are used.

Effective fleet management aims at reducing and minimizing overall costs through maximum, cost effective utilisation of resources such as vehicles, fuel, spare parts, and so on.

The administration and financial management of fleet is very organisational specific. Some vehicles are restricted to specific projects, others are utilised in pools to serve all projects, operated and driven by employees and contractors under the instruction of the Authority. The custodian of the fleet management function within the Authority is the Transportation & Logistics department within Streetscene Services.

The Vehicle Replacement and Fleet Utilisation policy should be linked to mileage, maintenance costs and condition, and not just age. The Transportation & Logistics department is obliged to assess the optimum replacement time and method for each type of vehicle for the benefit of the user department and the Authority as a whole.

The Authority should monitor, report and optimise vehicle use and manage mileage through vehicle rotation.

Users should be briefed and prepared so that the policy is understood and operated within.

There are some key opportunities that can be gained from standardising requirements and ensuring that adequate 'Demand Planning' is considered, to provide maximum flexibility at the lowest cost to fleet users.

Key Assumptions:

- Light fleet can be largely standardised and moved to adaptable Hire terms to increase flexibility.
- Cost reduction is also possible by applying the same principle to HGV / Specialist fleet.
- A Logistics model will drive utilisation up, and reduce vehicle numbers and costs.
- By keeping vehicles on the road more, and using mobile servicing, there will also be "service benefits", by reducing current time lost due to frequent inspection & repair of light fleet.
- Some spot hire / Seasonal hire of HGV / Specialist fleet will generate additional savings.
- A newer fleet will greatly reduce the volume of work required in the workshop
- Use of an external partner will ensure this reduction is realised in the workshop, as well as generating additional savings on HGV maintenance and reducing "spare" vehicle costs.

2. Policy

a. Statement of Policy

To document the policy and aims of Transport & Logistics Department in relation to providing a cost effective fleet of vehicles operated by Flintshire County Council.

b. Aims of the Policy

To ensure Flintshire County Council operates a cost effective fleet of vehicles with awareness and appreciation to the environment and the safety of the Flintshire County Council Staff and members of the general public.

c. Implementation

This Vehicle Replacement and Fleet Utilisation Policy will provide specific guidelines for the management and use of vehicles and other mobile assets. This policy is designed to facilitate and encourage accountability, monitoring of usage and costs, provide internal control and to serve as a management tool for better decisions.

The key to budget monitoring, where vehicles are a significant factor, is to ensure that year on year costs do not rise disproportionately as vehicles age. There is a fine balance between increasing maintenance and repair costs and leasing charges. The current leasing periods are presently the basis of a replacement policy, but leases can be extended where there is no policy for replacement. A professional and responsible image of the Authority must be promoted by having a lower age profile fleet, that is clean and well maintained. A defined policy will enable Fleet Management to be more proactive with its customers to ensure timely cost effective vehicle replacement. Where attempts are made to run vehicles for a long period of time, reliability will suffer and it will not be possible to keep up-to-date with vehicle and alternative fuel technology.

Procurement processes must consider more than just the vehicles. They must also include tyres, fuel, insurance, chassis and parts as well as support services such as maintenance provision, breakdown, recovery and vehicle hire.

Before procuring anything, users should complete a 'Vehicle Procurement Proposal Form' (see appendix A) which is required to be forwarded to the Transportation & Logistics department to carry out an evaluation of the items intended to procure to ensure that user and the Authority as a whole end up with the appropriate vehicles, parts and services. This evaluation is an ideal opportunity to involve users whose knowledge and views will contribute to more effective procurement.

It is critical to consider all options when financing your fleet. Whole vehicle life costs must be considered, and collaboration and jointly procuring with other organisations to secure economies of scale and more favourable terms is essential.

Transportation & Logistics commit to the following control measures on behalf of Flintshire Council County:

- Management of vehicles:
 - control of fuel, maintenance/repairs of vehicles
 - vehicle accident claim reporting, repair and monitoring
 - vehicle acquisition

Although the management of the fleet is considered as a whole on behalf of the Authority, the assignment of vehicles to users/operations requires the following measures:

- Assignment of vehicles:
 - identifying needs
 - acquisition process
 - vehicle maintenance and up-keep
 - vehicle usage
 - vehicle disposal
 - drivers

These measures are described in the following paragraphs:-

Identifying Needs

Identification of fleet needs is dependent on planned operations and the nature of any emergency, and the size and area of operation – For example urban operations could utilise smaller car-derived vans whereas remote field operations may require larger four-wheel drive vehicles for extreme terrain. Vehicle selection criteria are guided by:

- uniformity of fleet;
- environmental and technological specifications;
- anticipation of utilisation levels;
- hours of operation;
- infrastructure of fuelling network;
- the purpose of the vehicle (cargo or passenger);
- the terrain in which the vehicle will operate;
- acquisition cost;
- whole-life costs;
- availability of local support network;
- local availability of spare parts for the intended vehicle;
- warranties

Acquisition Process

The environmental impact of vehicles must be considered by a responsible Authority with a large fleet of vehicles. Flintshire's fleet is currently made up of the following types of vehicles:-

◦	4x4	8
◦	Car	9
◦	Gritter	14
◦	Gully	2
◦	HGV	12
◦	Minibus	11
◦	Mower	8
◦	Refuse/Recycling	52
◦	Small Van	68
◦	Specialist	9
◦	Sweeper	8
◦	Tractor	7
◦	Transit	121
◦	Total Fleet –	329
◦	Plus 117 Spot-Hired Fleet	
◦	Plus 116 Plant Items	

Average Fleet Age – 6.31 years old

- The 'Vehicle Procurement Proposal Form' is required to be completed and forwarded to the Transportation & Logistics department to carry out an evaluation of the items intended to procure to ensure that the resource cannot be provide internally, negating the need to procure additional vehicles, and that the standardisation of the fleet is achieved where possible.
- The general criteria for selection of a vehicle would be in conformity with the standard recommended vehicles.
- The standard tender process is adopted for vehicles, as for all other goods and services, bulk items and items bought on a regular basis. This process will result in consideration of all available procurement options including the outsourcing of some aspects of the vehicle leasing / spot hiring or vehicle maintenance / management.
- All procurement of goods and services must comply with Flintshire County Council Contract Procedure Regulations
- An assessment of the most cost effective route to market will be evaluated, and the impact that this has on the provision of fleet management
- All vehicles are procured through National recognised agreed frameworks that have negotiated "framework" contracts with all major suppliers. There is a significant benefit in adopting one type of vehicle within each category as the standard. The holding of spares becomes much more manageable and costs are controlled associated with fitter training. It is to the benefit of the County to standardise its Fleet where possible.

Insurance

- To ensure compliance with the vehicle insurance requirements, all personnel using operational vehicles under the responsibility of Flintshire County Council must be fully conversant with accident and incident reporting procedures for vehicles and personal injury.
- All vehicles acquired by Flintshire County Council will be covered by the corporate insurance cover managed by the Funds Management department

Vehicle Acquisition

- Following a Fleet Review throughout 2013, evaluation was made of the efficiency and effectiveness of the supply and control of fleet vehicle across Flintshire County Council. The outcome of this evaluation was the advice to hire vehicles through the national framework, which fixes prices for 2 years. This route to vehicle provision will rejuvenate the fleet and drive down repair times and cost.
- Flintshire County Council is responsible for the cost and operation of the vehicles it has acquired, which are centrally managed and issued to users/operations, with any damage or misuse being identified and repaired on a cost recovery basis.
- Advantages of this action will be:
 - No high initial purchase items in Flintshire County Council's finances.
 - The lessor bears most of the risk.
 - The organisation is able to focus on core business.
 - Prices are fixed and proven to be lower than previous holistic whole life costs
 - Flexibility and control of fleet size and type

The service provision will be externalised from 1st April 2015 and this policy will be updated to reflect the new working arrangements ahead of this time

Vehicle maintenance and up-keep

Vehicles are regularly maintained for optimum performance, and kept in good repair, to control costs and improve safety.

Transportation & Logistics department will consider the following options;

1. "In house maintenance" – performed using the facilities and staff of the organisation.
2. "Outsourced maintenance" – under taken by an outside contractor.
3. "Contract hire" - undertaken by an outside contractor as part of a vehicle operating system.

It will be necessary to review the operational requirements and match the most suitable form of maintenance to the individual operation. Whichever mix is selected, it must be preventative and must be under the control of Flintshire County Council's nominated Transport Manager.

Vehicle usage

It is necessary to have clearly defined service level agreements regarding vehicle usage and staff responsibilities. The vehicles would in most cases be pooled and provided to service users based on a as needs basis except where a specific user requirement conditions ties a vehicle to a specific project. In all cases utilisation will be monitored and the vehicle will be brought into the central pool should the previously agreed utilisation level not be achieved.

Vehicle disposal

Running old vehicles may lead to high costs of maintenance and uneconomical fuel consumption. To avoid this, Transportation & Logistics have approved and clearly stipulated procedures on how and when to replace and dispose of vehicles/assets.

The need to dispose may arise due to any of the following reasons:

- as a result of extensive unreparable damage, or cost-prohibitive repairs;
- when the vehicle attains the stipulated mileage or years for disposal;
- when the vehicle is no longer economically sustainable;
- when the vehicle is no-longer required; and
- when operations downscale or shut down.

The disposal procedure applied for vehicles will apply for all other assets such as:

- trailed plant
- machinery
- fork lift trucks

The procurement option outlined on this policy allows for the flexibility to return vehicles and negotiate early termination dates to the benefit of Flintshire County Council under any of the circumstances outlined above.

Reporting

Vehicle management systems are structured in a way that enables the capturing of information on various aspects of fleet usage, maintenance and operations. For example:

- distances travelled;
- destinations reached;
- summary mileage per vehicle;
- summary refuelling by vehicle and average fuel consumption;
- repair and maintenance per vehicle;
- any accidents;
- rate of consumption of spare parts; and
- servicing planned and completed.

Reports will be published and scrutinised on a monthly basis, to ensure maximised utilisation and minimized costs.

The results of these reports may lead to restrictions on drivers or curtailment of resources to service areas.

Monitoring

All vehicle usage and costs will be monitored on a monthly basis. Vehicles are expensive but critical to an organisation's operation. They facilitate the movement of personnel and the delivery of services and goods. Vehicle management is also one of the aspects of supply management that can be easily abused if not properly managed. If properly managed this aspect would ensure:

- availability of vehicles as and when required;
- cost efficiency;
- operational programme or response continuity;
- staff safety;
- safety on the roads;
- vehicle safety;
- vehicle security; and
- performance management.

To achieve the above, some of the measures taken by Transportation & Logistics are:

- every vehicle carries a logbook and daily defect book to be completed by the driver;
- logbooks are checked by line-management on a weekly basis;
- vehicles are issued and receipted by Transportation & Logistics on allocation to and return from operational users;
- the driver records all fuel, indicating the reading on the odometer at the time of the expense;
- the driver records all vehicle faults;
- all vehicle keys are surrendered at the end of the day;
- drivers adhere to the carrying capacity as provided by the traffic law;
- no unauthorised staff member is allowed to drive Flintshire County Council's vehicles. Vehicles will be assigned at the discretion of the Transportation & Logistics Department; and
- all new staff (those who have a driving license but have not driven for a specified period), will not be allowed to drive the Authority's vehicles unless they have undergone Driver Induction Training.

Policy Review

Fleet management in organisations is expensive. Vehicles are valuable assets and critical for business continuity, they therefore require control, monitoring, reporting and adequate financial and managerial attention.

It is recommended that this policy is review every 2 years, although the requirement for, and allocation of, vehicles is reviewed periodically.