

## Fleet Contract Saving Analysis

	<i>FY16/17</i> <b>Year 1</b>	<i>FY17/18</i> <b>Year 2</b>	<i>FY18/19</i> <b>Year 3</b>	<i>FY19/20</i> <b>Year 4</b>	<i>FY20/21</i> <b>Year 5</b>	<i>FY21/22</i> <b>Year 6</b>	<i>FY22/23</i> <b>Year 7</b>
Contract Price <sup>1</sup>	£3,173,200	£3,006,284	£2,902,612	£2,842,766	£2,824,337	£2,805,667	£2,786,747
Baseline Budget <sup>2</sup>	£3,215,000	£3,040,000	£3,040,000	£3,040,000	£3,040,000	£3,040,000	£3,040,000
Annual Impact <sup>3</sup>	-£41,800	-£33,716	-£137,388	-£197,234	-£215,663	-£234,333	-£253,253
Cumulative Saving of Contract against Budget <sup>4</sup>	-£41,800	-£75,516	-£212,904	-£410,138	-£625,801	-£860,134	-£1,113,387
<b><u>Mitigating Measures to reduce Year 1 costs</u></b>							
<i>Service Savings</i>							
1 FTE Seconded Staff <sup>5</sup>	-£34,000	-£34,000	-£34,000	-£34,000	-£34,000	-£34,000	-£34,000
0.5 Workshop Mechanic <sup>6</sup>	-£19,000	£0	£0	£0	£0	£0	£0
Fuel Saving <sup>7</sup>	-£50,000	£0	£0	£0	£0	£0	£0
<b>Total</b>	<b>-£103,000</b>	<b>-£34,000</b>	<b>-£34,000</b>	<b>-£34,000</b>	<b>-£34,000</b>	<b>-£34,000</b>	<b>-£34,000</b>
<i>Corporate Cost Avoidance / Savings</i>							
Invoice Reduction <sup>8</sup>	-£45,000	-£45,000	-£45,000	-£45,000	-£45,000	-£45,000	-£45,000
Cost of Implementation of Euro VI standard across HGV Fleet <sup>9</sup>	-£60,000	-£60,000	-£60,000	-£60,000	-£60,000	-£60,000	-£60,000
RPI <sup>10</sup>	-£63,464	-£60,126	-£58,052	-£56,855	-£56,487	-£56,113	-£55,735
<b>Total</b>	<b>-£168,464</b>	<b>-£165,126</b>	<b>-£163,052</b>	<b>-£161,855</b>	<b>-£161,487</b>	<b>-£161,113</b>	<b>-£160,735</b>
<b><u>Contract Options included in Contract Price above</u></b>							
Move away from annual in-advance payments <sup>11</sup>	£50,000	£0	£0	£0	£0	£0	£0
<b>Revised Total Annual Saving Opportunity from Fleet Contract</b>	<b>-£263,264</b>	<b>-£232,842</b>	<b>-£334,440</b>	<b>-£393,089</b>	<b>-£411,150</b>	<b>-£429,446</b>	<b>-£447,988</b>
<b>Cumulative Cashable Savings</b>	<b>-£94,800</b>	<b>-£162,516</b>	<b>-£333,904</b>	<b>-£565,138</b>	<b>-£814,801</b>	<b>-£1,083,134</b>	<b>-£1,370,387</b>
<b>Cumulative Cost Avoidable Savings</b>	<b>-£168,464</b>	<b>-£333,590</b>	<b>-£496,642</b>	<b>-£658,497</b>	<b>-£819,984</b>	<b>-£981,097</b>	<b>-£1,141,832</b>
<b><u>Total Cumulative Saving of Fleet Contract</u> <sup>12</sup></b>	<b><u>-£263,264</u></b>	<b><u>-£496,106</u></b>	<b><u>-£830,546</u></b>	<b><u>-£1,223,635</u></b>	<b><u>-£1,634,785</u></b>	<b><u>-£2,064,231</u></b>	<b><u>-£2,512,219</u></b>

<sup>1</sup> Based on Contract Price and Reasonable Endeavours for future savings and income generation

<sup>2</sup> Baseline Budget for which the bid is measured against, which is inclusive of Business Planning Efficiencies attributable to Phase 3 of the Fleet Review (Fleet Contract) in Year 1 (FY16/17)

<sup>3</sup> Annual Saving / Cost of contract against Baseline Budget

<sup>4</sup> Overall cumulative value of contract efficiencies

<sup>5</sup> This option is to be arranged following agreement to award contract, Subject to the successful secondment of a support officer to the contract

<sup>6</sup> This option is to be arranged following agreement to award contract, subject to reduction in Mechanic FTE following mobilisation

<sup>7</sup> Efficiencies due to investment in HGV fleet increasing MPG by 10%

<sup>8</sup> Corporate Efficiencies from single supplier contract

<sup>9</sup> The costs of meeting Euro VI standards is approximately £7k per vehicle with 60 HGV's within the fleet

<sup>10</sup> Avoidance of Inflation on on-going Fleet Contract costs

<sup>11</sup> The Contractor offered to reduce the cost of the contract for "Annual and In-advance payments", an upfront payment on 1<sup>st</sup> April each year. This would be refused in the 1st year and accepted in future years

<sup>12</sup> This would be the minimum available saving as further savings may be available from fuel savings beyond Year 1 and £50k per year from "Annual and In-advance payments" saved from Year 2 onwards