

**Meeting:** Combined Fire Authority

**Date:** 14<sup>th</sup> December 2016

**Subject:** Review of Fleet Arrangements – Summary Report

**Report by:** The Chief Fire and Rescue Officer

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**For:** Decision

## **1. Purpose**

The purpose of this report is to present the summary findings and recommendations following the completion of the review of fleet arrangements within Leicestershire Fire and Rescue Service (LFRS) to the Combined Fire Authority (CFA).

## **2. Recommendations**

The CFA is asked to note this update and approve the following recommendations:

- Reduce the size of the fleet by 10% through the provision of 17 fewer vehicles.
- Flexibly extend the life of fire appliances to up to 12 years.
- Defer a decision on replacement of the older aerial ladder platform till the conclusion of the Special Appliances review.
- Purchase vehicles outright as a more cost effective method than lease purchasing.
- No longer extend the life of the non-emergency response vehicles (cars and vans) beyond their warranty period.
- Continue to provide in-house fleet maintenance arrangements.
- Maintain the current arrangement of 'provided' cars for officers working in accordance with the flexible duty system. Commission a further review of the arrangements closer to the point whereby extant lease agreements are due to end.

## **3. Executive Summary**

- 3.1. At its meeting in February 2016, the CFA requested that the Chief Fire Officer complete three separate spending reviews that would examine the following areas:

- Management arrangements;
- Fleet provisions; and,
- Estate provisions.

3.2. This summary report sets out the findings and recommendations following the completion of the review of fleet provisions in LFRS.

3.3. The main outcomes of the review are as follows:

- The size of the current fleet can be reduced by 10% with 17 fewer vehicles. Since February 2016, eight vehicles have been disposed of.
- Extending the life of fire appliances to 12 years and introducing Tactical Response Vehicles will save an estimated £202,000 per year.
- Not replacing the older aerial ladder platform could potentially save a one-off capital expenditure of approximately £650,000.
- Purchasing vehicles outright is much more cost effective than the current use of lease purchasing.
- Extending the life of the non-emergency response element of the fleet (cars and vans) beyond their warranty period will not necessarily yield any savings.
- The extant fleet maintenance arrangements are cost effective, appropriate and more importantly, meet operational needs.
- The current arrangement of 'provided' cars for officers working in accordance with the flexible duty system is cost effective and at the same time, ensures for the achievement of effective response times can be maintained. A further review of the arrangements should be commissioned closer to the point whereby extant lease agreements are due to end; and,
- The general fleet provisions within LFRS are broadly in line with the provisions that are maintained elsewhere within the sector.

#### **4. Report Detail**

4.1. The CFA approved the 2016/20 budget strategy at its meeting in February 2016. The budget strategy identified that over the period, savings in the amount of £350K per annum from support/enabling functions would be necessary in order to protect frontline service delivery arrangements.

4.2. Fleet and fleet maintenance provisions represented one of three functions that were identified as a potential areas where savings could be generated. In accordance with this, the CFA approved the project scoping proposals as set out by the Chief Fire Officer at its meeting in June 2016.

#### **4.3. Overview of Fleet Review Process**

Selected fire and rescue services (FRS), other blue light responders and local authorities within our area were contacted and requested to provide data about their fleet provisions.

Internal departments that use service provided vehicles were also engaged to

determine the scope of provisions, use and suitability of vehicles provided to discharge the functions that they are responsible for.

The information and data was captured through the use of questionnaires. This has enabled a consistent approach to be achieved in respect of capturing and analysing the information provided. The provisions in LFRS has been compared with those in the following organisations:

1. Eight separate Fire and Rescue Services;
2. Leicestershire Police;
3. East Midlands Ambulance Service;
4. Rutland County Council;
5. Leicestershire County Council; and,
6. Leicester City Council.

#### 4.4. **Fire Appliance Provisions**

The CFA has already agreed to implement a change to fire appliance provisions moving from a fleet of fire engines (currently 36 in total) to a blended mix of fire engines (31) and Tactical Response Vehicles (5).

The current approved cycle of replacement for fire engines is ten years. The review has identified that; based upon lower levels of operational use and lower levels of wear and tear, the cycle of replacement should be increased to twelve years. However, the revised twelve year replacement cycle should be flexible and should reflect the level of need to replace each fire engine. For example, if a fire engine has low mileage and is not in need of replacement then it should not necessarily be disposed of just because it has reached twelve years in service. On the other hand, if a fire engine requires replacing after ten years because of its condition then it should not be maintained for another two years just because the cycle says twelve years.

The changes to the fire appliance fleet arrangements i.e. the blended mix of fire engines and TRVs coupled to the recommended increase in service life from ten years to twelve years will yield significant savings. The table below sets out the details applicable to cost and savings.

**Table 1**

Number of Fire Appliances	Cost Per Vehicle	Length of Use (Years)	Cost of One Vehicle per Year	Cost of all Vehicles Per Year	
Current Position					
29 Operational	36	£240,000	10	£24,000	£864,000
3 Reserve					
2 Driving School					
2 Training School					
<b>Total</b>				£864,000	
Future Position					
24 Operational	31	£240,000	12	£20,000	£620,000
3 Reserve					
2 Driving School					
2 Training School					
5 TRV	5	£100,000		£8,333	£41,667
<b>Total</b>				£661,667	
<b>Cost Difference</b>				£202,333	

#### 4.5. Special Appliances

The fleet review did not incorporate a detailed analysis of the future provisions as applicable to special appliances. For completeness the Chief Fire Officer has commissioned a separate review of provisions and this will report in February 2017. The review is running alongside regional work to identify collaborative opportunities and the findings/recommendations will be incorporated into the updated 2017/20 budget strategy.

By way of an example, the CFA has already agreed as part of its extant capital programme to replace the second Aerial Ladder Platform (ALP) that is currently based at Birstall fire station. It has already replaced the ALP that is based at Central fire station and the replacement cost was approximately £650K.

Therefore, if the separate review identifies that there is no longer any need to replace the second ALP, a capital saving of £650K could potentially be realised.

#### 4.6. Provided Cars (Flexible Duty Officers)

The current arrangement for the provision of flexible duty officer cars is through the longstanding 'provided car scheme'. This is a scheme that was introduced in 2003 and it was a direct replacement for the 'essential user scheme'. At present thirty-two vehicles (Ford Kuga's) are maintained in this element of the emergency response fleet. The vehicles are procured through the use of lease contracts and are maintained in service for five years

One of the main reasons that the 'provided car scheme' was introduced was to ensure that officers used vehicles that were fit for operational response purposes and were maintained to a standard applicable to the use i.e. blue light

response.

When a cost comparison is completed it reveals that a move back to an 'essential user scheme' could potentially yield a saving of £17K per annum. However, risk management controls would be weakened and there are additional costs for fitting and removing blue lights and sirens.

Further to this, the comparison of cost and savings has been based upon the current lease costs per vehicle and this is a much more expensive way of procuring when compared to outright purchase. If the current vehicles had been purchased outright, based on the capital receipts for sales of vehicles that could potentially be received at the end of the five year replacement cycle, the 'provided car scheme' does represent better value for money and is cheaper than the 'essential user scheme'.

A further option that has been explored is replacing the current scheme with a 'pool car scheme'. This has been discounted on the basis that it would take longer for officers to respond to emergency incidents because we could not always send the nearest officer. Furthermore, this scheme reduces flexibility in movements for operational and managerial purposes. This is not a preferred scheme in other fire and rescue service.

Finally, the current vehicle provisions in accordance with the 'provided car scheme' represent the only option for consideration at this time. This is mainly due to the fact that the current fleet still has at least two and a half years of 'lease life' left in it. It is recommended that a further review of the 'provided car scheme' should be undertaken in the year preceding replacement in order to establish whether it is the best scheme to use.

#### 4.7. **Provided Cars** (Fire Safety Inspecting Officers)

The current arrangement for the provision of fire safety inspector's cars is through the use of the 'provided car scheme. This is a scheme that was introduced in 2013 and it was a direct replacement for the 'essential user scheme'. Analysis has identified that this is the most efficient and cost effective way of providing vehicles for the nature of the work that fire safety inspectors undertake. Any other provision arrangement would be as expensive or more expensive to maintain and it is therefore recommended that it should continue.

#### 4.8. **Extending Life of Vehicles Beyond the Warranty**

Analysis has identified that extending the life of cars and vans beyond their extended warranty period does not necessarily save money. In point of fact, the perceived savings are replaced by increased maintenance costs. By way of an example, on average over the last three years, vans in use that are over 10 years and not under warranty, were subject to maintenance costs of almost £1,290 per annum. This is on top of normal servicing and MOT costs.

The table below identifies the additional maintenance costs for vans that have been kept in service beyond their ten year approved replacement cycle.

**Table 2**

Van Registration	3 Year Average				
	Parts	Labour	Outsourced	Other	Total Spent
FD55PLX	£ 111.97	£ 629.53	£ 1,150.53	£ 221.11	£ 2,113.13
FH07OES	£ 59.20	£ 622.42	£ 866.36	£ 184.27	£ 1,732.24
FJ56WTK	£ 67.84	£ 312.99	£ 339.43	£ 58.89	£ 779.14
FJ56WTL	£ 40.03	£ 266.75	£ 191.00	£ 29.20	£ 526.99
FJ56WTM	£ 100.57	£ 334.33	£ 765.25	£ 144.05	£ 1,344.20
FN06EBA	£ 135.81	£ 476.59	£ 438.10	£ 186.91	£ 1,237.41
Average cost per vehicle per year					£ 1,289.00

It is therefore recommended that vehicles should not be maintained in service beyond their extended warranty replacement cycle.

#### 4.9. **Outright Purchase Versus Lease Contract**

Analysis has identified that purchasing vehicles outright is more cost effective than leasing. The charges and interest applicable when leasing vehicles or borrowing money to buy them adds to the cost. Buying vehicles outright allows the fleet to be flexible without being hampered by lease agreements

#### 4.10. **Fleet Maintenance**

Analysis of fleet maintenance options and opportunities has concluded that the way that vehicles are currently maintained (in-house) is appropriate and meets operational need. The availability, agility and quality of our workshops arrangements provides the most cost effective way of maintaining our fleet.

#### 4.11. **Future Fleet Provisions**

The review of the current fleet arrangements and provisions has identified that it will be possible and appropriate to reduce the size of all aspects of the fleet.

The reductions that are being proposed are significant (approximately 10%) and will have a long-term impact on the capital programme in so much that it will be possible to reduce the forecast expenditure commitments.

There are; however, risks that need to be acknowledged with the main one being the potential for increased unit replacement costs to become apparent as a consequence of the decision to leave the European Union.

The table on the next page identifies the recommended future levels of fleet provisions and associated replacement cycles compared to current arrangements

**Table 3**

<b>Statutory frontline service delivery</b>		<b>Current</b>	<b>Future</b>
Emergency operational Response	Pumping Appliances	28	29
	Special Appliances	26	21
	Ford Rangers (4WD with pumping capability)	10	10
	Flexi-duty officer response fleet	32	30
Prevention and protection	Fire Prevention Officers cars	10	8
	Fire Prevention Officers vans	2	1
	Community Safety Educator vans and cars	13	14
<b>Frontline Total</b>		<b>121</b>	<b>113</b>
<b>Vehicles used to support frontline service delivery</b>			
Maintenance of operational response fleet	Reserve Pumping Appliances	5	3
	Reserve Special Appliances (ALP)	1	-
	+1 Pump	1	-
	Reserve Flexi-Duty officer response cars	2	2
	Workshops vehicles	4	4
All other vehicles	Driving School Appliances	3	2
	Driving School Car	1	1
	Training School Appliances	2	2
	Fire Fit Appliance (fire cadets)	1	1
	Fork Lift Truck (workshops/stores)	1	1
	Charity Vehicles	5	5
	Partnership Car with Blaby District Council	1	-
	Station and Department Vans	27	23
	Provided Cars Non Operational Manager	3	2
<b>Support Frontline Total</b>		<b>57</b>	<b>46</b>
<b>Total Fleet</b>		<b>176</b>	<b>159</b>

Statutory Frontline Service Delivery		Years
Emergency Operational Response	Pumping Appliances	12
	Special Appliances – Lorries	20
	Special Appliances – Vans	12
	Ford Rangers (4WD With Pumping Capability)	5
	Flexi-Duty Officer Response Fleet	5
Prevention And Protection	Fire Prevention Officers Cars	5
	Fire Prevention Officers Vans	5
	Community Safety Educator Vans and Cars	5
	Community Safety Modified Vans and Cars	10
Vehicles Used To Support Frontline Service Delivery		Years
Maintenance Of Operational Response Fleet	Reserve Pumping Appliances	12
	Reserve Flexi-Duty Officer Response Cars	5
	Workshops Vehicles	5
	Workshops Breakdown Vehicle	3
All Other Vehicles	Driving School Appliances	12
	Driving School Car	5
	Training School Appliances	12
	Fire Fit Appliance (Fire Cadets)	Condemnation
	Fork Lift Truck (Workshops/Stores)	Condemnation
	Charity Vehicles	Condemnation
	Station And Department Vans	5
	Station And Department Modified Vans	10



## **5. Report Implications / Impact**

### **5.1. *Legal (including crime and disorder)***

All relevant legal and good practice duties are incorporated into the review process. There is no legal impact associated with approving the review recommendations.

### **5.2. *Financial (including value for money, benefits and efficiencies)***

The delivery of the corporate and integrated risk management objectives are essential if the CFA is to maintain compliance with the financial expectations as set out in its Budget Strategy. The target savings set out in the budget strategy for corporate objectives is £350K by 2020.

The review of fleet arrangements has identified that savings in excess of £200K per annum can be realised if the recommendations are approved.

### **5.3. *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)***

- a) The most significant risk the CFA faces is financial through not achieving implementation of the corporate and integrated risk management objectives within the timescales agreed. The recommendations contained in this report will assist in achieving the financial savings.
- b) Forecasted savings may be lower than anticipated as a consequence of the decision to leave the European Union.

### **5.4. *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

Full consultation has been undertaken in the completion of this review.

### **5.5. *Environmental***

A smaller fleet will have a positive impact in relation to environmental considerations.

### **5.6. *Impact upon Our Plan Objectives***

The delivery of the corporate and integrated risk management objectives is key to the achievement of planning priorities.

## **6. Background Papers**

- a) CFA Budget Strategy 2016-20
- b) CFA Spending Review Scoping Document, June 2016
- c) Achievement of Corporate and IRMP Objectives: Progress Update, September 2016

## **7. Appendices**

None.