

report

Meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY POLICY AND STRATEGY COMMITTEE	
Date	22 November 2006	Agenda item number

REPORT OF THE CHAIR OF FINANCE AND RESOURCES COMMITTEE

FLEET REPLACEMENT AND MANAGEMENT STRATEGY

1. PURPOSE OF REPORT

To seek the approval of the Policy and Strategy Committee to the Fleet Replacement and Management Strategy recommended by the Finance and Resources Committee.

2. BACKGROUND

At its meeting on 15 September 2006 the Finance and Resources Committee considered a report on the Fleet Replacement and Management Strategy to be adopted by the Fire & Rescue Authority.

3. REPORT

The Fleet Replacement and Management Strategy (attached as Appendix A) sets out the strategy to be adopted for the replacement and management of vehicles within each of the Authority's asset classes. It considers procurement issues and sets out the rationale behind the move from Dennis to Scania appliances.

4. FINANCIAL IMPLICATIONS

The formal adoption of a Fleet Replacement and Management Strategy will provide a framework for budgeting and capital planning. It will also confirm issues such as vehicle "lifeing" policies and enable financing decisions to be made.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

An equality impact assessment is not required in relation to this report.

7. RISK MANAGEMENT IMPLICATIONS

The framework provided by a Fleet Replacement and Management Strategy will contribute to the management of risk associated with financing and capital planning.

8. RECOMMENDATIONS

That Members adopt the Fleet Replacement and Management Strategy as set out in the attached report.

9. BACKGROUND PAPERS FOR INSPECTION

None.

Councillor Penny Griggs
CHAIR OF FINANCE AND RESOURCES COMMITTEE

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report

Meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY FINANCE AND RESOURCES COMMITTEE	
date	15 September 2006	agenda item number

REPORT OF THE CHIEF FIRE OFFICER**FLEET REPLACEMENT AND MANAGEMENT STRATEGY****1. PURPOSE OF REPORT**

To seek Members' approval for the Fleet Replacement and Management Strategy.

2. BACKGROUND

2.1 With the exception of a small number of light vehicles, wholesale replacement of both the existing appliance and light vehicle fleets has not occurred in recent years. The reasons for this are not centred around the issues of Capital funding but more that changes in user requirements with the onset of the modernising agenda have, for the most part, not yet been re-established.

2.2 A significant downside to this is that the age profile of the fleet has thus risen and this can have an adverse effect on reliability, maintenance costs and in some cases downtime if a vehicle is of such an age that it has become difficult to support.

3. FLEET REQUIREMENTS & REPLACEMENT

3.1 As part of the 2006/07 Transport Business Plan the aims laid down include reviews to ascertain current and future fleet requirements with regard to pumping appliances, special appliances, light vehicles and any other vehicles.

3.2 This work will identify the need for additional vehicle resources from which a business case would need to be submitted or the potential for resource re-allocation or fleet reduction in other areas considered.

4. PUMPING APPLIANCE REPLACEMENT

4.1 The outcomes of the service's Integrated Risk Management Plan (IRMP) have, in some cases, only recently delivered a detailed user requirement. An example of this would be the recently concluded Best Value Reviews in to how the service responds to Road Traffic Collisions (RTC) and Special Service Calls (SSC).

4.2 An outcome of the RTC review was a decision to make the next generation of pumping appliances into rescue pumps with dual role functionality for both fire-fighting and RTC medium rescue capability.

- 4.3 Simultaneous full scale reviews of the pumping appliance specification and the equipment allocation carried (encompassing the views of all relevant stakeholders) has culminated in a revised appliance technical specification and equipment inventory.
- 4.4 A revised and updated pumping appliance replacement programme has been established and an order for 8 Scania Rescue Pumps has recently been placed with a value in excess of £1.4m.

5. SELECTION OF SCANIA APPLIANCES

- 5.1 For new Rescue Pump appliances the decision taken to switch from Dennis to a different mainstream commercial chassis supplier was based on a number of key factors.
- 5.2 In 2004 the group of which Dennis Fire were a subsidiary formally went in to a period of administration. On their emergence from administration there has been a clear intention that the new company Alexander Dennis saw the bus market as its' main customer base and therefore the focus for new product development and sales. Although Alexander Dennis gave a commitment to continue marketing the Dennis Fire product there has been a noticeable move to the Scania chassis by many larger and somewhat traditional Dennis users.
- 5.3 Regionally, three out of the other four East Midlands Fire & Rescue Services have also moved to the Scania chassis and all will cite service support, parts availability and vehicle off road (VOR) downtime as a contributory factor influencing their decision. The relatively low volume of sales of the Dennis chassis has had a subsequent knock on effect with not only parts availability but the actual cost of many of the replacement Dennis components.
- 5.4 Further consideration was given to new legislation for exhaust emissions with the introduction of new Euro IV emission limits and the method by which vehicle manufacturers were intending to comply. Two methods are employed to achieve this, Exhaust Gas Recirculation (EGR) and Selective Catalytic Reduction (SCR), the latter effectively being an exhaust after treatment requiring the use of a chemical called Urea or 'Adblue'.
- 5.5 The implications of having vehicles with SCR are that an additional storage tank is required on a vehicle and storage and dispensing facilities would be required on fire stations for urea which would come at a cost on top of the chemical cost itself. As the disadvantages for SCR outweigh the advantages the decision by Dennis fire to take their product to Euro IV compliance using SCR meant that a move to an alternative chassis supplier better placed to support the product was a logical move.
- 5.6 The two manufacturers who elected to use EGR technology and already supply vehicles in to the fire market are Scania and MAN. Both manufacturers were legitimate contenders to supply the chassis on which to base the new Rescue Pumps. However, the options for service support through a more comprehensive dealer network in the area are unquestionably better for the Scania product.
- 5.7 When drawing up the new vehicle specification a detailed comparison was made to build the new vehicles on both makes of chassis. On initial scrutiny the MAN chassis base price was significantly cheaper against that of the Scania chassis.
- 5.8 The overall build costs however, reversed the end vehicle price in favour of the Scania. The reasons for this are that there is some substantial work to move components on the MAN chassis in order to mount on the bodywork whereas the

Scania chassis is now available to be ordered as a fire appliance specific chassis negating the need for modifications prior to body fit.

- 5.9 Overall it is considered that the departure from Dennis back to a mainstream chassis manufacturer removes significant risks. If Alexander Dennis take an eventual view that a continuing low volume of sales is no basis to invest in product development it is not unforeseeable that they may choose not to remain in the fire market sector.
- 5.10 As a member of the Fire Service Procurement Association (FSPA) acquisition of pumping appliances by the Authority is via the FSPA call off contract in place for the purchase of this type of appliance.
- 5.11 Future procurement is expected to be achieved under a similar contract let by the Vehicles and Equipment arm of FireBuy. FireBuy being the new company set up for the purposes of achieving National procurement of goods and services used by each FRS.

6. LIGHT VEHICLE REPLACEMENT

- 6.1 To complement the work recently carried out to formulate a new pumping appliance replacement programme the focus has now turned to establishing the same for the light vehicle fleet.
- 6.2 Work is now in progress to ascertain what the user requirements are for each service department with a light vehicle resource allocated to them where an impending replacement will shortly be due or is actually overdue from previous years.
- 6.3 In order to maximise potential vehicle use vehicles which can offer a dual or multi-use role i.e. operational support and community safety are a favoured option for future vehicle acquisitions.
- 6.4 The method used to procure light vehicles is, in most cases, via direct purchase from the manufacturer utilising the discounts offered under the framework agreements set up by the Police Information Technology Organisation (PITO).
- 6.5 The latest set of contracts let under the current PITO agreements have seen a reduction in compliant manufacturers compared with the old agreements. Major suppliers available to the three main emergency services still include the likes of Ford, Vauxhall, Volvo, etc.
- 6.6 The use of the 'one-stop-shop' facility is now being offered whereby manufacturers are able to offer the fitting out of their vehicles to an output specification such as the provision of emergency audible and visual warning equipment.
- 6.7 Nottinghamshire Fire & Rescue Service has been able to utilise such a facility offered by its' main fleet provider, Ford. The fitting of equipment to bring new vehicles up to the required specification utilising a manufacturers 'one-stop-shop' facility or other approved provider has the following advantages:
- Provision of additional equipment from a selection at a pre-determined fixed cost
 - A known total vehicle cost at time of order with no hidden costs
 - Accurate forecast and timely delivery of a fit for purpose vehicle
 - Completed vehicles can enter service quickly on receipt by the Service without the need to then organise and engage other contractors

- No risk of infringing or invalidating vehicle warranty if extra equipment is fitted by the manufacturer or his approved agent.

6.8 In order to achieve the aim of facilitating mobile Watch Managers with their removal from actually riding fire appliances the service has just procured 12 new Ford Focus estate cars for which we have utilised the Ford 'one-stop-shop' to achieve the required vehicle specification. This new way of working has required vehicle acquisition at a cost of just under £160k.

7. SPECIAL APPLIANCES & OTHER VEHICLE REPLACEMENT

- 7.1 As part of the work to examine the requirements and establish up to date replacement programmes for pumping appliances and light vehicles the issue of special appliances and any other vehicles which may not directly fit in to either of those two categories is an important part of the 2006/07 Transport Business Plan.
- 7.2 Some of the vehicles which fit in to the latter category are somewhat old and present a level of risk to the service in terms of not being able to fulfil modern day needs or guaranteed availability through e.g. age related breakdown.
- 7.3 It is vital that user requirements are determined to enable a replacement programme for vehicles which sit within this category to be established and indicate a realistic timescale to which they could be delivered.
- 7.4 The Capital replacement programme may require increased budget to be made available as those carried forward from previous years are likely to be insufficient in some cases.
- 7.5 Consideration must however be given to the possibility of regional working whereby neighbouring Services could provide a specialist vehicle resource under a reciprocal agreement, where both available and practical.

8. FLEET MANAGEMENT INFORMATION

- 8.1 With a specific fleet maintenance budget of approximately £525k per annum it is essential that the Transport department have a reliable Fleet Management system to help run the fleet as cost effectively as possible.
- 8.2 The department has recently installed a replacement Fleet Management system which the staff are slowly in the process of working through implementation. It is envisaged that the system will be able to provide much more accurate and timely fleet management information in the form of its' reporting functionality.
- 8.3 The ability to report in such a manner is viewed as a major step forward to making the management of the fleet as cost effective as possible with due regard to safety and maintenance of legal requirements.
- 8.4 The ability to report on true 'whole-life costing' of identify failure trends (by means of exception reports) for any vehicle will be invaluable as a tool for comparison between vehicles in the Service's fleet and other Fire & Rescue Service's.
- 8.5 Future development of the system will require the submission of a business case but it is hoped that electronic recording of fuel usage or vehicle defect reporting via web portal, etc. will positively enhance the fleet management role of the Transport department.

9. FLEET ROTATION AND THE USE OF RESERVES

- 9.1 In order to provide resilience from accident damage, breakdown and servicing the Service retains a reserve fleet of 6 pumping appliances and 1 rescue tender. In addition there are 2 pumps and 1 rescue tender at the Service Development Centre where they are used for training.
- 9.2 In order to maximise the utilisation of vehicles and to equalise mileages it is policy for them to be rotated around different Fire Stations during their life. This means that a vehicle will start out on a busy wholetime station and gradually move to a less busy station, a retained station, and finally to the reserve fleet during its useful life.

10. INSURANCES

The Service maintains a fully comprehensive insurance policy on the whole of the fleet. Insurance provision including the level of deductibles is reviewed annually and re-tendered every three years

11. RISK MANAGEMENT IMPLICATIONS

The maintenance of a serviceable and appropriate fleet is key to the delivery of the Service's operational and non-operational functions. Decisions regarding the operational fleet are long term, and balancing the requirements of the service against technological developments and financial strategy ensures that the Authority will be able to sustain it's fleet over time within existing allocated resources.

12. PERSONNEL IMPLICATIONS

There are no implications for personnel within this report.

13. EQUALITY IMPACT ASSESSMENT

There are no issues for equalities within this paper.

14. FINANCIAL IMPLICATIONS

- 14.1 Investment in the Capital Programme supports the maintenance of the fleet over the longer term and allocations for 2006/7 to 2008/9 are as follows:

2006/7	£1.856m
2007/8	£1.410m
2008/9	£1.580m

- 14.2 All of the above figures are built in to the Authority's Prudential Code limits and affordability has already been assessed bot in terms of the Revenue Budget and the potential impact on Council Taxes.
- 14.3 The financial decisions which remain to be made relate to the financing of the fleet which in the past has always been by way of operating leases. The prudential code allows a wider range of financing options to be considered from outright purchase through to operating leases and these will be considered on an individual basis depending upon market conditions, end of life decisions, likely disposal arrangements and longevity.

14.4 Current views on fleet life are:

Pumping Appliances	12 Years
Other Appliances	10 Years
Specialist Vehicles	12 Years
Ariel Appliances	15 Years
Light Vehicles	5 Years
Cars	3 Years

15. RECOMMENDATIONS

That Members recommend that Policy & Strategy Committee approve the Fleet Replacement and Management strategy.

16. BACKGROUND PAPERS FOR INSPECTION

None.

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