

Full Council

Date:	10 June 2014
Title:	Maintenance Vehicle
Purpose of the Report:	To agree the purchase of a new vehicle
Contact Officer:	Helen Stewart, Town Clerk

Background

1. The Maintenance Team operate two vans, a Ford Transit and a VW Crafter, as part of the fleet of vehicles required to maintain the green and open spaces around the town and support various events the Council is involved with.
2. The Ford Transit (BN54 XGO) is a short wheel based low roof van which was purchased in June 2007 for £6750. It has been a reliable vehicle but over the past two years its condition has significantly deteriorated and this month it failed its MOT due to parts of the bodywork requiring significant welding. The cost of the repairs to enable it to pass the MOT far outweigh the predicted useful life left of the vehicle.
3. A hire van is being used during June until the Council agrees to release money from the vehicle replacement fund to acquire a new vehicle.
4. The option for leasing has been assessed and this report provides the information on both purchase and leasing for comparison.

Specification

5. The Ford Transit has a load capacity of 1324Kg with a loading space of 8.5 cu/m. This capacity is adequate in terms of weight; however when supporting town events more loading space is required which requires a vehicle to be hired. It is recommended therefore, that a replacement vehicle is a long wheel base, high roof type with side and rear loading doors.
6. Although the annual mileage is low, the vehicle is required to make short journeys around the town and regular servicing is essential. The maintenance costs of the Ford Transit amounted to £5211 over a 4 year period with £820 of this being required for welding due to rust which apparently is a well-documented issue on transit vans produced in 2004. The replacement vehicle servicing costs will be reduced with a suitable warranty and it may be possible to enter into a 5 year service (or mileage) package which could reduce costs over time but require an initial lump sum payment. The standard service interval for such vehicles is 10,000 / 20,000 miles or 12 months.
7. There is a preference for solid panel type doors and a steel bulkhead to prevent items in the rear being visible or unauthorised access from the front of the vehicle.
8. Recent emission laws (in London) have meant that new commercial vehicles have lower emissions and are more environmentally friendly. A newer van would ideally be Euro 5 compliant in regard to emissions and would easily match the 30.4mpg that the Ford Transit achieved even with an increased load and being a larger size; any greater mpg would be considered an advantage.

9. The vehicle must be capable of towing a minimum of 1500kg with appropriate wiring. Although the current vehicle is front wheel drive a rear wheel drive vehicle would be more suited for towing. To fit a tow bar will cost an additional £300.

Options

10. Purchase

- a) **New Vehicle** - Vehicles come in a variety of trims but as it will only be used for short journeys a basic trim level would be suitable. A diesel engine giving a minimum of 85ps would best serve the needs of the Council (existing van is 85ps).

	Ford Transit High Roof	Volkswagen Crafter Extra High Roof	Mercedes Sprinter High Roof	Vauxhall Movano	Fiat Ducato	Renault Master
RRP	£22,830	£26,375	£23,124	£20,055	£23,395	£24,420
Special offers (variable)	£17,578	£23,363	£22,290	£14,495	£16,077	£17,086
Service interval	12 month or 20,000m	24 month	24,000m	24 month	30,000m	24 month
Resale value 40,000mile	£7,500	£7,000	£10,995	£3,695	£6,495	£4,995
Warranty (standard)	3 years / 100,000	3 years / 100,000	3 years / 100,000	3 years / 100,000	3 years/ 100,000	3 years / 100,000

*Basic price does not include tracker refitting, tow bar, flashing light, signage, road tax.

All the models above have positives and negatives. The Transit offers good load space and a relatively good resale value and is competitively priced. The Ducato offers the longest service intervals, with 30,000 miles (no time related servicing is required), while the Ford Transit offers the shortest service intervals with 20,000 miles/12 months. The Ducato also offers lower insurance premiums – between 5E and 8E.

The Volkswagen and Mercedes are expensive to purchase. If the option is to purchase the Ford, Vauxhall, and Renault would be reasonable choices, however the van offering best value would be the Fiat Ducato due to the reduced service costs.

A new model Transit was launched in April 2014, therefore dealers may offer further discounts on old style models left in stock.

- b) **Used / Ex demo** – these vehicles offer further discounted prices and similar to buying new, a warranty and service package is available to purchase. The van is likely to have extras included and be road ready, the disadvantage being that the vehicle has been pre owned. Used van prices vary and are dependent on the mileage and the quality of the vehicle. If this was the preferred option a detailed search would need to be conducted to find a vehicle that met the requirements and price criteria. Ex Demo vehicles are on the whole available from main dealers and the prices are comparable with deals on new vehicles that are obtainable online.

11. Leasing

- a) Basic Lease (hire)** - Basic lease finance packages offer a low initial outlay for the purchase of a new vehicle, and a set figure to pay monthly, however the total price is high. The council would not own the vehicle and any minor damage that occurred throughout the period would need to be assessed and paid to the leasing company at the end of the period, as well as removing additional items (i.e. tow hitch and signage).

The manufacturer's warrantee is unaffected however the servicing of the vehicle would need to be carried out by a main dealer, the closest dealer, depending on the make of vehicle may be in Aylesbury and the servicing costs are likely to be significantly higher than the existing arrangements with a local garage. Lease periods are generally 36, 48 or 60 month periods.

Leasing would appear to be best suited to a company with a large fleet resulting in economies of scale or a company who cannot provide the initial capital to purchase a van. This option does not appear to be the best option for the Council.

- b) All inclusive leases including road tax and servicing** - This is similar to a basic lease reducing the day to day maintenance costs but the monthly lease cost is higher to include servicing, MOT (if required) and road tax. This option does not offer the Council best value as the anticipated low mileage would not offer value for money, the extra cost of the servicing would be more beneficial for high mileage use.

c) Lease with purchase option at end of period – the average annual mileage by the Maintenance Team using the Transit is approx. 5,000 miles per year. The price offered at the end of a 4 year lease would be based on the van having done a minimum of 40,000 miles this option may therefore be good value as the final purchase price from the leasing company may be based on a higher anticipated mileage. Modifications to the vehicle e.g. sign writing and tow bar would not need to be removed if the vehicle was purchased at the end of the lease. If leasing was considered then this option offers the best value for money although leasing it is still more expensive than purchasing.

Running Costs

12. The table below summarises basic revenue costs for each type of vehicle.

	Ford Transit High Roof	Volkswagen Crafter	Mercedes High Roof Option	Vauxhall Movano	Fiat Ducato	Renault Master
MPG	35.8	34.9	34.9	31.7	40	40.4
Fuel 6,000 miles pa	£1,120	£1,149	£1,149	£1,265	£1,210	£1,207
CO ₂ Emission figure	K 209g km	K213g km	K213g km	K232g km	K225g km	K223gkm
Load (m3)	11.3m ³	11.5m ³	10.5m ³	10.8m ³	11.5m ³	10.8m ³
Road Tax	£140	£140	£140	£160	£140	£140
Insurance group	6 - 9	10E	8A	6-9	5E – 8E	NA

13. The City of London has recently introduced converted Peugeot Boxer electric vans, these are of similar specification to the Renault Master, and have zero emissions. The capital investment would be £60,000 or £1275 to hire per month, however against this, running costs are substantially lower than for conventional internal combustion vehicles, since electricity is up to seven times cheaper as a fuel source than petrol or diesel. With no engine to service, annual maintenance costs are also considerably lower.
14. Although the capital expense makes this option too expensive it may be an option to seriously consider in future when vehicles may be significantly cheaper to purchase. The electric fuel solution is well suited to the requirements of a maintenance vehicle.
15. Diesel - Currently this is the preferred fuel for 99% of all large box vans sold within the U.K, and offers the best value for money, and reliability. Although fuel economy is an important factor the low mileage that is done by the Council means that differences in cost are relatively small, the difference between the most and least fuel efficient new van is £145 per annum.

Additional Features

16. The vehicle will require the following extras if not fitted as standard:

Tow Bar	£300
Sign Writing	£150
Flashing Amber Light	£150
Ply lined load space	£350
Tracker	£165
	<u>£1115</u>

Resource Appraisal

Vehicle Replacement Budget					
	Reserve				
	£ 23,917	-£ 83	£ 7,577	£ 5,077	£ 2,577
Budget Allocation	£ 6,000	£ 10,000	£ 13,500	£ 15,500	£ 18,000
Ford Transit (2004)	£ 20,000				
VW Crofter (2007)			£ 16,000		
Kubota Tractor Alpha 35 (2001)				£ 18,000	
Kubota Tractor 50/30 (2006)					
Kubota Zero Turn (2010)					£ 11,500
Great Dane Mower (2008)					£ 8,000
Kubota RTV 900 (2014)	£ 10,000				
Kubota RTV Additional Kit		£ 2,340			
Total	£ 30,000	£ 2,340	£ 16,000	£ 18,000	£ 19,500
Balance	-£ 83	£ 7,577	£ 5,077	£ 2,577	£ 1,077

Risk Assessment

Without two vans the Council would be significantly inhibited in being able to deliver the existing grounds maintenance programme and event support. The service would also be affected if the remaining van were to break down or if it were in the garage for repairs or servicing.

The purchase of a new van would result in a significant depreciation in value in the first year but would offer warranties. Purchasing a used/ex demo vehicle carries some risk associated with previous use but at least a twelve month warranty would be required from the dealer.

Leasing offers some benefits but does not appear to be as cost effective as purchasing for the mileage and type of use that the vehicle is required for.

Legal Powers: Local Government Act 1972

Recommendation that:

- i) Funds are released from the Vehicle Replacement Budget to purchase a used/ex demo model van and fit with the additional features as detailed in the report.***