

Report to Deputy Leader & Cabinet Member for Transportation

Decision to be taken on or after 11 June 2019.

**Decision can normally be implemented at least
3 working days after decision has been signed.**

Cabinet Member Report No. T17.19

Title: Fleet Trading Account Budget

Date: 3 June 2019

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Local members affected: (All Electoral Divisions);

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

To agree the Fleet Trading Account budget for year 2019-20 in line with current Financial Regulations. These are temporary budgets for one year only, with expenditure and income being of the same value and the net budget bottom line being zero.

Recommendation

**To agree the Fleet Trading Account budget for 2019-20 in line with current
Financial Regulations.**

A. Narrative setting out the reasons for the decision

1. In line with good financial practice the Fleet Trading Account temporary budget virement will allow costs and revenues to be measured against budget estimates and reported within monthly monitoring reports for Transport - Economy - Environment.

TEE service plan targets also apply:

- Manage Revenue budgets to ensure no overspend.
- Provide surplus budget on trading account in order to reduce charges to internal customers in future years.

2. The Fleet Management Section is part of the TEE portfolio, in the Integrated Transport Service. It operates a Trading Account whereby the cost of the service is a non-profit charge to the customer base, therefore being a zero balanced account.

3. There are six main elements of the Fleet Trading Account: salaries, vehicle contract maintenance, tax discs, capital depreciation, notional interest and vehicle insurance. The salary budget is determined using the cost of 3.3 FTE.

4. Vehicle contract maintenance is determined using fixed price contract maintenance prices against each individual vehicle on the fleet as of 1st April 2019. A small element of this budget cost is for administering the spare vehicle associated with this contract.

5. The tax disc cost is calculated using the current tax disc figures provided by the DVLA against each registered vehicle on the fleet as of 1st April 2019.

6. Capital depreciation is provided for by a contribution to a renewals fund for each vehicle. This is calculated using the replacement value of the asset minus the accumulated depreciation as of 31st March 2019, less the residual value of the asset. These figures are maintained and updated to determine the budget cost as of 1st April 2019.

7. The notional interest figure is based on the Net Book Value (outstanding capital) of each of the fleet assets as of the 1st April 2019 as calculated and agreed with Finance (currently 2.81%).

8. The motor vehicle insurance premium is provided by our internal Insurance Section. Third Party, Fire and Theft cover is provided by an external insurance company and the County self-insure for own damage cover.

9. The Fleet Charges to our customers are made up of the following: overheads, contribution to renewals fund, notional interest, tax disc and maintenance.

10. 2019/20 budget figures, with 2018/19 figures for comparison, are shown in Appendix 1.

B. Other options available, and their pros and cons

None

C. Resource implications

Expenditure on the Fleet Trading account is all offset by income, so is self-balancing. A business case can be made to retain any surplus at year end, in order to reduce future fleet expenditure

D. Value for Money (VfM) Self Assessment

Fleet Management operates a Trading Account whereby the cost of the service is a non-profit charge to its customer base; therefore it is a zero balanced account.

E. Legal implications

None

F. Property implications

None

G. Unitary Council

None, this is a decision regarding internal budget management for 2019/20 only.

H. Other implications/issues

None

I. Feedback from consultation, Local Area Forums and Local Member views

N/A, this is a financial process decision which will not affect the provision of services.

J. Communication issues

N/A

K. Progress Monitoring

N/A

L. Review

Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Democratic Services Team by 5.00pm on 10 June 2019. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk

Appendix 1

Activity	Trading Account 2019-20
	£000
Direct Salaries	150
Other Employee Costs	3
Supplies & Services	9
Overheads	4
Capital Charges	178
Maintenance	150
Vehicle Excise Duty	28
Motor Insurance	63
Income	<u>-585</u>
Net trading account balance	<u>0</u>

Activity	Trading Account 2018-19
	£000
Direct Salaries	149
Other Employee Costs	3
Supplies & Services	13
Overheads	4
Capital Charges	201
Maintenance	141
Vehicle Excise Duty	26
Motor Insurance	63
Income	<u>-600</u>
Net trading account balance	<u>0</u>

The planned Budget for 2019-20 is lower than 2018-19 due to reduction in Capital charges and overheads resulting from a lower number of Fleet items
