



Report to Leader (Transport portfolio)

Date: 25 June 2021

Reference number: TR10.21

Title: Fleet Trading Account Budget

Cabinet Member(s): Steve Broadbent, Cabinet Member for Transport

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Ward(s) affected: none specific

Recommendations: To agree the Fleet Trading Account budget for 2021-22 in line with current Financial Procedures.

Reason for decision: In line with the Council's financial processes the Fleet Trading Account temporary budget needs to be approved to allow costs and revenues to be confirmed; measured against budget estimates and reported within monthly monitoring reports for Transport Services.

1. Executive summary

1.1 To agree the Fleet Trading Account budget for 2021-22 in line with current Financial Procedures. This is a zero balanced budget with all planned costs being met by income received. A table showing the budget breakdown and comparison with last year is at section 4.3.

2. Content of report

2.1 The Fleet Management Team is part of Transport Services, within the Communities Directorate. It operates a Trading Account whereby the cost of the service is a non-profit charge to its customer base, therefore being a zero balanced account.

2.2 The team currently manage 185 vehicles and items of plant of which 101 have been purchased by Fleet Management and are owned by the council. A full range of vehicle management options are offered from insurance only right through to a full

vehicle supply and maintenance package. Customers include State Schools, Academies, Country Parks, Direct Care, Adult and Child Social Care homes, Libraries and our Local Area Technician's vehicles. The team are responsible for writing vehicle specifications, tendering, maintenance and disposing of the vehicle at the end of its cost-effective life. Support is given with any issues such as breakdowns and repairs as well as general advice and guidance.

- 2.3 All management and operational costs are covered through the Fleet Trading Account which is managed to a net zero position each year by the team. Capital is also set aside in a Vehicle Renewals Fund to allow older vehicles to be replaced or new ones purchased without additional investment from the council.
- 2.4 The team were recent involved with the successful launch of the Buckingham Community Bus giving advice on vehicle specification, liaising with the supplier regarding design, build and delivery as well as arranging the new livery.
- 2.5 There are six main elements of the Fleet Trading Account: salaries, vehicle contract maintenance, Road Fund licences, capital depreciation, notional interest and vehicle insurance.
- 2.6 The salary budget is determined using the cost of 3.3 FTE.
- 2.7 Vehicle contract maintenance is determined using agreed service prices against each individual vehicle on the fleet as of 1st April 2021. A small element of this budget is allocated for administering the spare vehicle associated with this contract.
- 2.8 The Road fund Licence cost is calculated using the current Road Fund Licence figures provided by the DVLA against each registered vehicle on the fleet as of 1st April 2021.
- 2.9 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 2021, less the residual value of the asset. These figures are maintained and updated to determine the budget cost as of 1st April 2021.
- 2.10 The notional interest figure is based on the Net Book Value (outstanding capital value) of each of the fleet assets as of the 1st April 2021 as calculated and agreed with Finance (currently this is 2.98%).
- 2.11 The motor vehicle insurance premium is provided by the Council's 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.
- 2.12 The Fleet Charges to our customers are made up of the following: overheads, contribution to renewals fund, notional interest, Road Fund Licence and servicing costs.

3. Other options considered

3.1 None, this approach is in line with the Council's financial processes.

4. Legal and financial implications

4.1 There are no apparent legal implications arising as a result of the proposed recommendation.

4.2 Expenditure on the Fleet Trading account is all offset by income and the account is therefore self-balancing to nil. Where a surplus is realised at year end, a business case can be made to carry forward the surplus (up to 3% of the trading account gross expenditure) in order to reduce any future fleet expenditure.

4.3 Table showing planned budget for 2021/22 and comparison with 2020/21:

	Fleet Trading Account 2021-22 £000	Fleet Trading Account 2020-21 £000
Direct Salaries	153	150
Other Employee Costs	2	3
Supplies & Services	8	7
Overheads	3	4
Capital Charges	215	224
Maintenance	160	150
Vehicle Excise Duty	28	28
Motor Insurance	66	63
Total expenditure	635	629
Income	-635	-629
Net Position	0	0

The planned Budget for 2021-22 is higher than 2020-21 due to an increase in salaries and insurance.

5. Corporate implications

- a) Property: **none**
- b) HR: **none**
- c) Climate change: **due regard will be taken of commitments in the Council's climate change strategy in the management of fleet vehicles.**
- d) Sustainability: **none**
- e) Equality: **none**
- f) Data: **none**
- g) Value for money: **Fleet Management operates a Trading Account whereby the cost of the service is a non-profit charge to its customer base and therefore it is a zero balanced account.**

6. Local councillors & community boards consultation & views

6.1 n/a.

7. Communication, engagement & further consultation

7.1 n/a.

8. Next steps and review

8.1 When this decision is made the Fleet Trading Account Budget will be loaded into SAP.

9. Background papers

9.1 **none.**

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 383680 or email democracy@buckinghamshire.gov.uk