



## Report for the Leader (Transport portfolio)

<b>Date:</b>	<b>8 April 2024</b>
<b>Reference number:</b>	<b>TR04.24</b>
<b>Title:</b>	<b>Fleet Trading Account Budget</b>
<b>Cabinet Member(s):</b>	Steven Broadbent, Cabinet Member for Transport
<b>Contact officer:</b>	James Loader - Head of Public Transport Alex Cole, Fleet Contracts and Finance Officer
<b>Ward(s) affected:</b>	none specific
<b>Recommendations:</b>	<b>To agree the Fleet Trading Account budget for 2024-25</b>
<b>Reason for decision:</b>	In line with the Council's financial processes the Fleet Trading Account 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 This paper seeks to gain agreement of the Fleet Trading Account budget for 2024-25 in line with current Financial Regulations. 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 manage, as of January 2024, 186 vehicles and items of plant of which 107 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 local authority schools, academies, country parks, direct care, adult and child social care homes, libraries and the Highways Service Local Area Technician's (LAT) 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 are focussed on the Climate Change agenda and reducing vehicle emissions and have facilitated the delivery of 6 electric vehicles to date with another 8 electric vehicles on order. This now makes up 6% of the Council owned fleet that is managed by the Fleet Management Team, increasing to 13%.
- 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 full time equivalent (FTE) posts.
- 2.7 Vehicle contract maintenance will be determined using agreed service prices against each individual vehicle on the fleet as of 1st April 2024.
- 2.8 The Road fund Licence cost will be calculated using the current Road Fund Licence figures provided by the DVLA against each registered vehicle on the fleet as of 1st April 2024.
- 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 2024, less the residual value of the asset. These figures are maintained and updated to determine the budget cost as of 1st April 2024.
- 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 2024 as calculated and agreed with Finance (for 23/24 this was 4.79%).
- 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 Council 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 with a view to ensuring the budget balances to a zero net spend.

### 3. Other options considered

3.1 None, this approach is in line with the Council's financial regulations and 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 2024/25 and comparison with 2023/24:

	<b>Fleet Trading Account 2023-24 £000</b>	<b>Fleet Trading Account 2024-25 £000</b>
<b>Staff and Costs including salaries and overheads</b>	173	182
<b>Other Employee Costs</b>	1	2
<b>Supplies &amp; Services</b>	16	17
<b>Capital Charges</b>	205	215
<b>Maintenance</b>	153	160
<b>Vehicle Excise Duty</b>	28	30
<b>Motor Insurance</b>	68	72
<b>Total expenditure</b>	644	<b>678</b>
<b>Income</b>	-644	-678
<b>Net Position</b>	0	<b>0</b>

The planned Budget for 2024-25 is higher than 2023-24 due to an increase in salaries, capital charges (due to increased vehicle purchase costs and a higher notional interest rate), maintenance and vehicle excise duty costs.

Corporate implications

- a) Property - none
- b) HR - none
- c) Climate change – none
- 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.**

## **5. Local councillors & community boards consultation & views**

5.1 n/a

## **6. Communication, engagement & further consultation**

6.1 n/a.

## **7. Next steps and review**

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

## **8. Background papers**

8.1 none.

## **9. Your questions and views (for key decisions)**

9.1 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 [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk) by 5pm on 4 April 2024.