

Proposed Decision to be made by the Leader of the Council on or after 14 August 2020

Capital Investment Fund – Replacement of Winter Gritters

Portfolio Holder	Lead Member Leader of the Council - Councillor Izzi Seccombe
Date of decision	Decision Date August 2020
	Signed

Decision
<p>That the Leader of the Council:</p> <ol style="list-style-type: none">1) Approves £0.363 million from the Capital Investment Fund for the replacement of Winter Gritting Vehicles and add to the Capital Programme.2) Authorises the Strategic Director for Communities to procure and enter into any agreements to give effect to the proposal on terms and conditions acceptable to the Strategic Director for Resources.

1.0 Reasons for decision
<p>1.1. Under existing capital approval rules agreed by Members, all Capital Investment Fund allocations and subsequent additions to the capital programme require approval by Cabinet (and Council if the cost of the scheme exceeds £2 million), unless an urgent decision is required which can be taken by the Leader under delegated powers.</p>

2.0 Background information

CIF Overview

2.1. Services were invited to submit detailed bids to the Capital Investment Fund in July. The latest batch of CIF bids have now been evaluated by the CIF's Technical Panel and findings will be reported to Members for approval in September (Cabinet) and October (Council).

2.2. The Technical Panel, consisting of experts from Finance, Legal, Property, PMO and other services evaluate and score each individual bid out of 100 based on the bid's strengths in each of the following key areas:

- Delivery of the Council's Strategic Objectives;
- Alignment with the investment criteria of the capital strategy;
- Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk; and
- Sustainability, climate change and environmental impact.

Requirement to Fast Track

2.3. It became apparent during the Technical Panel's evaluation of the winter gritter replacement bid submitted in July and subsequent conversations with the service that the bid for funding to replace the five gritters will require approval sooner than September Cabinet.

2.4. This bid is being fast tracked as a Leader decision because the service requires the budget approved and included in the Capital Programme by mid-August to give a sufficient window to procure and prepare the replacement vehicles ahead of the winter season. Not doing so will result in WCC incurring costs of around £0.100 million to refurbish the existing vehicles to make them roadworthy for the coming winter season. Not replacing will also result in significant increases to maintenance costs in future years and investment will still be required at a later date to replace them.

2.5. Description of the Scheme and Analysis

Project Description

2.6. The council has an extensive fleet of gritting vehicles which enables WCC to meet its legal duty to ensure, as far as reasonably practical, that the passage of highway users is not endangered by ice or snow (Highways Act 1980). The winter maintenance service aims to prevent the formation of ice on agreed areas of the highway network through precautionary gritting, together with the clearance of snow when required. The service is time sensitive, and to provide an effective service it is essential that well maintained and reliable gritting vehicles are available.

2.7. The current gritting fleet consists of 38 gritting vehicles. Five of the fleet are between 12 and 25 years old and are showing signs of fatigue, they are becoming un-

reliable and it is increasingly difficult to source parts. The five vehicles are the oldest in the fleet and require £0.100 million (£0.020 million each) of investment to make them roadworthy for the coming winter season (2020/21) meaning it is no longer cost effective to keep them running.

2.8. There is an urgent need to replace the five vehicles identified to ensure resilience for the coming winter season. The wider fleet will be addressed through a planned fleet replacement strategy that is being developed. The fleet replacement strategy will ensure that vehicles are replaced before they reach the point where they begin to incur additional expenditure and cause problems for the service.

2.9 Technical Panel Findings

2.10. The panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	8.0
Alignment with the investment criteria of the capital strategy (Out of 40)	32.0
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	27.2
Sustainability, climate change and environmental impact (Out of 10)	6.6
Total Score (Out of 100)	73.8

2.11. The Technical Panel raised the following key points in their evaluation:

2.12 County highways have looked at all options for replacing vehicles. They have reviewed a full procurement option through ESPO framework, leasing through ESPO framework, leasing through the Highways Maintenance Contractors (Balfour Beatty) and procuring second hand. When the options were put to senior management within the service and costs provided the decision was made that the second hand route provided the most cost effective option as second hand vehicles have had the initial finance hit and give WCC greater control over the assets but still have a life expectancy similar to brand new vehicles.

2.13 If the service has to wait until September Cabinet for budget approval the service is not confident of having vehicles ready for the start of the winter season. This is because County Fleet Management need to view the vehicles and arrange for any works to prepare the vehicles to be carried out before taking delivery. If the opportunity is lost to move at pace to procure then WCC will need to incur expenditure to carry out expensive overhauls on old vehicles which will still require replacing at a future date.

2.14. The panel investigated why the gritters would be diesel powered rather than electric as this does not fit with WCC's Capital Investment Strategy, particularly the commitment to climate change mitigation and reducing WCC's carbon footprint. The service explained how large commercial electric vehicles are not common place as yet, with only one such gritter being trialled in the UK. However, a green fleet will be

considered in the future fleet replacement strategy as technology, equipment and infrastructure becomes more affordable and readily available.

2.15 Any capital receipts from selling the old vehicles can be directly reinvested into the replacement budget which may return some funding to the CIF. This is expected to be up to £0.030 million.

2.16 This bid compliments a CIF bid submitted and approved in the previous financial year to fund winter gritting efficiency technology which could not be fitted to these five gritters due to their age but will be able to be fitted to replacement gritters.

3.0 Financial implications

3.1 As part of the 2020/21 Budget Resolution approved by Council in February 2020, £24.900 million per annum was added to the 2020-25 Medium Term Financial Strategy for the Capital Investment Fund. The drawdown from the CIF for this proposal can be accommodated within the existing 2020/21 CIF budget allocation.

3.2 The available CIF balance currently sits at £130.151 million and is included in the current Capital Programme, the recommendations in this report result in a call on this pot of £0.363 million. Therefore, the remaining CIF balance is £129.788 million.

3.3 By approving this recommendation, WCC will avoid incurring revenue costs of around £0.100 million to refurbish old vehicles which will still require replacing at a later date at a cost similar to the capital investment requested in this report. Recurring maintenance costs of the newer replacement vehicles will also be lower.

4.0 Environmental implications

4.1 Environmental implications of these recommendations are:

- By enabling the fitting of auto-salting technology to the replacement vehicles the service will be able to better target salt spread which will reduce overall salt usage. This means better spread patterns and lower spread rates so less salt will end up in roadside water courses and verges. Although salt is not toxic it can have a detrimental effect on plant growth and water quality.
- Vehicle emissions will be improved as all new vehicles will be of a higher standard meeting Euro 6 standards compared to the existing Euro 1 and Euro 4 vehicles.

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Assistant Director	Andrew Felton
Lead Director	Rob Powell
Lead Member	Councillor Izzi Seccombe

Urgent matter?	<i>No</i>
Confidential or exempt?	<i>No</i>
Is the decision contrary to the budget and policy framework?	<i>No</i>

List of background papers (If applicable)
None

Members and officers consulted and informed
<p>Portfolio Holder – Councillor Izzi Seccombe</p> <p>Corporate Board – Yes. On 6 Aug 2020</p> <p>Legal – Jane Pollard</p> <p>Finance – Virginia Rennie</p> <p>Equality – Keira Rounsley</p> <p>Democratic Services – Paul Williams</p> <p>Councillors – None</p> <p>Local Member(s): N/A</p>