



PRUDENTIAL BORROWING FOR EDUCATION FLEET REPLACEMENT

Report by Chief Officer for Education and Children's Services

PURPOSE

- 1.1 The purpose of the Report is to seek approval for Prudential Borrowing to cover the balance of costs for renewing the ASN and School Transport vehicle fleet. The vehicles were purchased using elements of revenue funding carried forward from previous financial years with the balance to be financed by Prudential Borrowing now that the process is complete.

EXECUTIVE SUMMARY

- 2.1 The current fleet of Department vehicles had become unreliable and were breaking down regularly. They were end of life in terms of providing a reliable service to stakeholders. The Prudential Borrowing seed funds utilized for the previous fleet procurement exercise in 2015 were returned to the Department to contribute towards the new fleet replacement exercise in 2022/23. A combination of inflated costs and new requirements highlighted the need for additional investment to get the ASN vehicles we required to adequately deliver the service over the next 6 years.
- 2.2 Procurement of the new fleet is now complete. The new fleet comprises 5 x Citroen Relay 35 8-seater adapted minibuses, 2 x Renault Master 14 seat minibuses, 2 x ex-hire 16 seat Ford Transit 450 minibuses, 1 Ford Transit 350 14 seat minibus, 3 x Dacia Jogger 7-seater vehicles and a Citroen Relay 35 van. There is also a Ford Freedom wheelchair accessible vehicle purchased specifically for pupils in Uist where accessible taxis were no longer an option. The Department tested various market options to procure this fleet at the most competitive prices available, tested against government contracts at all times. Total procurement costs were £458k offset by £7k capital budget and £115k of revenue carry-forward and a further £112k of CFCR. This Report seeks approval for the financing of the balance of £224k. The original budget returned after the last procurement exercise is £31,374 and the Department will need to supplement this with a further £12,687 annually to finance the balance.

RECOMMENDATIONS

- 3.1 **It is recommended that the Comhairle approve the required £224k of Prudential Borrowing to renew the ASN and School Transport fleet, funded by an allocation of £44,061 per annum for six years from within Education and Children's Services budgets.**

Contact Officer: Iain G Smith
Appendix: None
Background Papers: Procurement Steering Group Report January 2023.

IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	Utilisation of Prudential Borrowing to finance the purchase of replacement vehicles up to a balance of £224k. This is being financed by £31k of seed funding from the previous fleet replacement and supplemented with additional savings of £12k. Prudential borrowing costs will be covered by the Education and Childrens Services Strategy and Support and Transport Related Expenses budgets.
Legal	None.
Staffing	None.
Assets and Property	This procurement exercise replaced the majority of existing vehicles with new assets. There will also be retention of 2 low mileage vehicles.
Strategic Implications	Implications/None
Risk	Continued use of existing vehicles will increase risk of service disruption due to breakdowns.
Equalities	None.
Corporate Strategy	Support children, families and young people.
Environmental Impact	None
Consultation	Consultation with relevant staff took place to identify the ASN pupils requiring transport now and in the next 5 years.

BACKGROUND

- 5.1 The current fleet of Department vehicles had become unreliable and were breaking down regularly. They were end of life in terms of providing a reliable service to stakeholders. The Prudential Borrowing seed funds utilized for the previous fleet procurement exercise were returned to the Department during 2022/23 to contribute towards the next fleet replacement exercise.
- 5.2 A Report to the Comhairle's Procurement Steering Group in January 2023 seeking permission for the vehicle replacement exercise was approved. The Report detailed the inflated costs and new requirements for additional investment to get the ASN vehicles required to deliver the service over the next six years. Additional funding in the region of £12k was identified to supplement the existing Prudential borrowing seed funds of £31k. Additional capital of £7k and one-off revenue funding in the region of £115k from general carry forward over 2 financial years along with a further £112k from CFCR was also utilised to supplement this replacement exercise and reduce the required Prudential Borrowing. Full replacement of the key vehicles in the fleet was undertaken following approval of the funding. The vehicle replacement exercise is now complete, and permission is sought for Prudential Borrowing for the remaining balance of the replacement costs.

DETAIL

- 6.1 ASN transport is a responsibility of the Comhairle and undertaken where necessary with a fleet of Comhairle owned vehicles and a cohort of drivers and escorts along with taxi contracts and parental arrangements with mileage payments. This is undertaken with a mix of the above to achieve best value for the Comhairle. The new fleet now comprises 5 Citroen Relay 35 x 8-seater adapted minibuses, 2 x Renault Master 14 seat minibuses, 2 x ex-hire 16 seat Ford Transit 450 minibuses, 1 Ford Transit 350 14 seat minibus, 3 x Dacia Jogger 7-seater vehicles and a Citroen Relay 35 van. There is also a Ford Freedom wheelchair accessible vehicle purchased specifically for pupils in Uist where accessible taxis were no longer an option. The Department tested various market options to procure

this fleet at the most competitive prices available and tested purchases against government contracts at all times to ensure Best Value for the Comhairle. Total procurement costs were £458k. To ensure continuity of service after a number of breakdowns the Department hired two 16 seat minibuses and took them into service prior to the procurement process getting underway. These two hired vehicles are mentioned above as they have since been purchased as part of this procurement exercise at very competitive prices and provided best value to the Comhairle.

CONCLUSION

- 7.1 Prior approval for the purchase of this new fleet of vehicles was received from the Comhairle's Procurement Steering Group. Two secondhand vehicles on hire to the Comhairle have been purchased because the offer made by the hire company was assessed to be an exceptionally good deal and Best Value for the Comhairle. The fleet replacement exercise is now complete, and all the necessary new vehicles have been purchased at a cost of £458k. The old vehicles have been allocated for disposal except for two low mileage vehicles which have been retained. This leaves a balance outstanding of £224k. This Report seeks approval for Prudential Borrowing of £224k over six years financed by a revenue budget allocation of £44,061.