

Gritting fleet options appraisal with recommendation

1. The existing winter gritting fleet is owned and operated by Milestone, the incumbent highway maintenance partner. The fleet is approaching 13 years old, well beyond the useful economic life of a typical gritting fleet which is c. 8-10 years. Whilst OCC has the ability, if required, to purchase the fleet from Milestone to service a new maintenance contract it is not viewed to be either viable or desirable to do so due to the fleets age, condition, costs associated with keeping it operational for future seasons and the risk the fleet presents to OCC fulfilling its statutory winter duties.

2. To understand what a preferred option for the procurement of a new fleet may look like market engagement has taken place between OCC, Milestone colleagues and gritting fleet providers. To determine the most appropriate approach to procuring a new fleet an options appraisal has been completed and summarised below:

Option name	Pros	Cons
Do nothing	-	- No winter fleet
Purchase existing fleet from Milestone	-	- Reliability issues - Increased maintenance costs - Higher operating costs due to need to hire in capacity to mitigate reliability risk - Use of outdated technology - Risk of fleet failure – unable to meet statutory duty.
Procure and purchase new fleet	- Reduced contractual complexities with new provider - Reduced risk by ensuring access to winter fleet.	- Separate maintenance arrangements required including 24 hr cover and replacement vehicles. - Need to build in extra capacity to manage fleet downtime - Capital investment of c. £6m, does not sit within programme
Procure, lease and maintain contract for new fleet	- Certainty in costing and fleet availability. - Expected fleet renewal during contract length - Reduced risk by ensuring access to winter fleet with contract hire provider responsible for providing replacement vehicles - Ability if needed to novate lease to new provider if desirable and legally possible. - Ability to flex size of fleet based on future policy requirements.	- Risk associated with full fleet being managed by a single provider – if provider ceased trading there is a vehicle availability risk. Will mitigate through D&B checks.

By reviewing existing arrangements and seeking to mitigate issues being faced now in the future, in order to both de-risk the situation now and to minimise risk throughout the duration of the new maintenance contract, it is proposed the council **procure a contract hire arrangement for a winter gritting fleet to coincide with**

the duration of the new maintenance contract with the option, if legally possible, to novate the lease to the new maintenance provider.