

**PURCHASE OR HIRE OF FLEET VEHICLE**

**Background**

D&S IFCA currently leases a 4x4 Ford Ranger vehicle. The lease began in November 2015 and ends October 2019. The leasing payment structure was made up of an initial payment of £1347.19 and then 47 payments of £456.56 making a total of £22,805.51.

With a lease vehicle any damage needs to be put right before it is returned to the lease company. Ford have advised that some small dents to the bumper should not need to be fixed, as with small stone chips, there should be some wear and tear that is accepted. There is damage to the front nearside wheel arch and the drop-down boot, to fix both of these issues would cost between £500 and £1,000. If the smaller dents are required to be fixed, then the price would be £1,000 to £1,500. We have been advised that the rust elements to the running board step would be accepted as wear and tear and not need to be fixed.

This would take the total spend on the Ranger to £24,805.51. The cost to purchase the same spec Ranger today would be £22,530.20.

**Replacement vehicle**

Due to the weight of the David Rowe and trailer there are very few vehicles able to tow the 3.5 tonnes we require. The short list of the vehicles that can be considered as a suitable replacement vehicle are the Ford Ranger, Nissan Navara, Isuzu D-Max, Mercedes X Class, VW Touareg, Toyota Hilux. All these vehicles range from £20,000 to £35,000 depending on specification. There are also a number of Landrovers that will be able to perform the task we need from a vehicle and these prices start at £36,200.

**Options**

The Authority have three options;

- 1) Identify the most suitable 4x4 vehicle and enter into a further lease agreement. D&SIFCA's annual budget already has money allocated for a continuation of a leasing agreement although the new agreement is likely to be a slightly larger annual amount. As demonstrated with the figures above the main drawback of leasing is that the Authority has paid the equivalent cost of the vehicle in four years but has no asset at the end of the period.
- 2) Identify the most suitable brand new 4x4 vehicle and purchase it. D&SIFCA has sufficient capital reserves to pay for the vehicle. The vehicle is likely to come with three years' warranty, similar to the cover provided when leasing. The service life of the vehicle should be 10 years. Servicing the vehicle and replacement tyres would be an additional cost.
- 3) Identify the most suitable second hand new 4x4 vehicle and purchase it. A second-hand vehicle would be no more than 12 months old but the Authority would not have to accept the significant depreciation associated with a brand new vehicle and is likely to be an ex demo vehicle that has not been worked hard. Servicing the vehicle would be an additional cost.

**Recommendation**

The Authority agrees to the officers identifying a suitable replacement 4x4 vehicle and members chose option 3 from the options above.