

Report to: Council

Report Ref: C1911
Meeting Date: 24th June 2019
Agenda Item: 5
Prepared By: Town Clerk



Subject: Council Van Options

1.0 BACKGROUND

The Town Council has leased a van since 2015 for use by the Town Ranger in the fulfilment of their duties. The 2015 registration van was initially leased for three years and was extended for a further 12 months in 2018. The leasing company had stated that it is normally possible to extend a lease for a total of five years which had been the intention. However, when this was requested by the leasing company the lender determined that it would not extend the lease.

The leased van is a Ford Transit Custom with tow bar and an internal 240v electrical socket. The lease is funder maintained meaning the Town Council only pays for fuel and insurance and all other costs (MOT, repairs, servicing) are covered under the leasing payments. The mileage over the last four years is just over £12k.

2.0 OPTIONS

The Assets and Operations Committee considered two options, purchasing the existing van or leasing a new van.

2.1 LEASE

To lease a new van the livery on the existing van will have to be removed and new livery applied to a new van.

A new 36-month lease for a new Ford Transit Custom would be £1,784 up front and 35 monthly payments of £272.16. In addition, there would be a cost of £825 the removal of the existing livery and application of new livery. Over the initial term (2019-2022) the total cost would be £12,134.60 and if extended a further 12 months would be £15,400.52.

2.2 PURCHASE

The purchase price for the existing van is £12,530. This includes a 12-month guarantee. The cost of an annual MOT and full service would be £250 plus any parts required. It is anticipated that tax will be £250 per year making total known costs over a three-year period (2019-2022) £13,780¹ or £14,280 over four years.

¹ The van has just had its 2019-20 MOT and service



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If purchasing the van, the council would have the option to sell the van in the future. Based on current AutoTrader listings, the council could reasonably expect to sell the van for in excess of £5,000 in four years' time (based on current listings for 8-10 year-old vans with mileage under 50k).

The van retaining value makes the purchase of the van more economical in the longer term. Whilst there is the liability for any repairs, new tyres etc given the low mileage this is not anticipated to be excessive.

3.0 RECOMMENDATION

The Assets and Operations Committee resolved to recommend that the council purchase the existing van for £12,530.

The committee currently has a budget of £2,744 available for vehicle costs, leaving a shortfall of £9,786. The purchase of a vehicle is a capital purchase so the council's capital reserve could be used to cover the shortfall. Alternatively, the funds could be drawn from the general reserve and would be replenished either as part of budget setting (depending on projected balances) or over the ensuing years, recognising the reduced revenue costs from not having a lease.



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