



## National Procurement Hub – Fleet Supply Chain Update

The update below has been provided by Luke Malton, NFCC National Procurement Hub (Fleet Category Lead), Peter Warner, NFCC TOG Chair and Stuart Errington, CFO Durham & Darlington and NFCC National Procurement Hub (Fleet Category Sponsor).

### **Emergency Response Vehicles**

Further to the previous update issued at the end of September 2021, the impacts of Brexit and the COVID Pandemic continue to impact the availability of raw materials, workforce availability, production and planning. The current situation in Ukraine will likely impact further although our suppliers are not reporting any immediate impacts – it's a fair assumption that they are expecting some impact though, most likely in the form of scarcity of some components and increased costs. We can confirm that the Suppliers on the NFCC Emergency Response Vehicles Framework do not have any Russian ownership and we are not aware of any links to Russia throughout the supply chain.

We are aware of the already extended lead-times for chassis from key manufacturers (Volvo, Scania, MAN etc) and the latest information indicates current lead-times are in the region of 12 to 15 months for Scania and 15 to 18 months for MAN and Volvo – short term there are only indications that these lead-times will extend further.

As a result of these supply chain issues FRSs may want to conduct market engagement activity in advance of initiating a procurement to better understand the supply market at that time. The NFCC National Procurement Hub have produced guidance for FRSs on market engagement. This can be found on the NFCC Procurement Hub's new website - [Engage With Suppliers - Our Methods | NFCC Programme \(nfcc-procurement.org.uk\)](https://www.nfcc-procurement.org.uk).

### **Cars, Vans, Parts & Consumables**

The automotive supply chain has long been one of the most complicated supply chains in the world, with many manufacturers outsourcing a significant proportion of their parts to China. The closure of China's automotive industry at the start of the pandemic was especially problematic and the shortage of semiconductors continues to restrict the production of new vehicles.

The conflict in Ukraine will likely further impact the automotive industry as some manufacturers, either directly or indirectly through their supply chains will source parts and/or raw material from Ukraine/Russia. Russia and Ukraine are key providers of several commodities including nickel, palladium, aluminium, platinum, steel and copper; thus, the conflict is expected to impact automotive supply chains as these commodities are used to make fabricated parts for various products/equipment and also battery production for electric vehicles.

Ukraine is a key supplier of inert gases, such as neon and argon, thereby threatening already restricted microchip manufacturing (these inert gasses are used for lasers in the production of semiconductors).

The lead-times of vehicles will vary not only from manufacturer to manufacturer but also within manufacturers vehicle ranges. In addition, the increase in demand for Electric Vehicles will typically result in longer lead-times for these vehicles than fossil fuelled vehicles. Current lead-times are up to 12 months from order to delivery. If purchasers are willing to look at alternatives to their preferred choice then some vehicles can be sourced quicker than this.

### **Car Hire**

For hired vehicles, service levels for some FRSs may be adversely affected as the supply market does not have availability of product to fulfil customer demand. This is resulting in bookings being unfulfilled. FRSs experiencing service disruption for hired vehicles may wish to consider a supplementary contingency hire contract with an alternative supplier, along with or means of travel, such as public transportation, car share schemes or mitigating travel needs through virtual working.

### **Fuel**

The current situation in the Ukraine has impacted supplies and prices. In particular the Government's decision to phase out Russian oil by 31 December 2022 may place additional pressure on the fuel supply chain. The NFCC are currently gathering information from each FRS about fuel (diesel, petrol and heating oil) stock-levels, usage data and business continuity arrangements. Services are advised to review their fuel business continuity arrangements and take measures to ensure sufficient stock levels.