

Bolsover District Council

Executive

2nd February 2015

Vehicle Replacements Housing Repairs

Report of Councillor D Kelly With Portfolio Responsibility For The Environment

This report is public

Purpose of the Report

- To seek Executive approval to purchase replacement light commercial fleet vehicles to be operated by the Council's Housing Repairs Team.

1 Report Details

- 1.1 Housing repairs operate 47 light commercial vehicles which have previously been procured under finance lease arrangements.
- 1.2 Ten vehicles have fallen due for natural replacement at March 2015; also, the Housing Team have identified the need for one extra vehicle to meet service needs and exchanging (trade-in) of an existing vehicle for a different specification to better meet the needs of the service.
- 1.3 The additional vehicle is required to meet requirements of the gas servicing function and new member of staff with the costs being met from within the Housing Service approved budgets.
- 1.4 In order to improve flexibility of the housing repairs vehicle fleet, it is proposed that a larger vehicle currently operated by the service, is exchanged (traded-in) for a similar vehicle to the same specification as the other fleet vehicles identified for replacement in this report.
- 1.5 The vehicles will be purchased through the Nottinghamshire Procurement Partnership (Light Commercial Vehicle) Framework Contract for provision of core fleet diesel powered light commercial vehicles up to 3500kg (Ref: 20101S 105-159633) which meets European Procurement requirements.

2 Conclusions and Reasons for Recommendation

- 2.1 Light commercial vehicles identified in this report have reached the end of their lease term and will shortly fall due for replacement. It is proposed that replacements are purchased under an established framework contract and financed from the HRA vehicle reserve.

2.2 The Council has previously relied of finance lease arrangements for vehicle acquisitions; however, over the past two years the Council has changed its approach from one of using finance leasing to one of acquiring vehicles by outright purchase. The switch in approach reflects the fact that a combination of low interest rates and modern vehicles able to operate effectively beyond a 5 year period; together, with the greater flexibility afforded by ownership, rather than leasing makes ownership the more cost effective option.

3 Consultation and Equality Impact

3.1 Housing Repairs managers have consulted with drivers concerning the suitability of the vehicles that it is proposed to acquire to help ensure that they are appropriate to meet service delivery requirements.

4 Alternative Options and Reasons for Rejection

4.1 The replacement of vehicles by way of finance lease arrangements was not considered to offer good value to the Council. In particular it reduces the ability to dispose of a vehicle early, or to extend its operational life with the Council beyond the period of the original lease. Given that modern vehicles have an operational life significantly in excess of a 5 year lease period ownership provides significant financial and operational advantages. .

5 Implications

5.1 Finance and Risk Implications

5.1.1 The cost of vehicle replacements set out in this report, procured by way of the Nottinghamshire Procurement Partnership (Light Commercial Vehicle) Framework Contract ref: 20101S 105-159633 is as follows:

Vehicle	Renewal Date	£
Transit 350 L2 H2	29-Mar-15	19,241.80
Transit 350 L2 H2	29-Mar-15	19,241.80
Transit 350 L2 H2	29-Mar-15	19,241.80
Transit 350 L2 H2	29-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit 350 L2 H2	18-Mar-15	19,241.80
Transit Connect (Additional vehicle)		11,845.50
Part exchange vehicle (Transit 350 L2 H2)		2,807.50
Total		£204,263.50

5.1.2 Approval has previously been secured for funding the cost of these vehicle replacements with an appropriate financial provision and funding having been established in the Council's Capital Programme.

5.1.3 Outright purchase provides the Council with greater flexibility concerning the period of utilisation of the vehicle. While the main advantage of this flexibility is the ability

to extend the working life of the vehicle at a relatively low cost, it can also help avoid the heavy costs associated with an early return of a vehicle. Contract hire and leasing are relatively inflexible arrangements and changes during the course of the contract are likely to incur significant costs. Outright purchase provides the most cost effective solution to the acquisition of these vehicles which are essential to the operation of the Housing Repairs service.

5.1.3 The table below summarises the identified areas of risk associated with the management of fleet vehicles:

Risk Type	Risk Detail	Control Measure
Corporate Ambitions and Priorities	Service delivery supports Council Priorities which would be undermined by ineffective and inefficient fleet vehicles. Progress of Strategic Alliance (Fleet Review) delays vehicle replacement program.	Vehicles and specialist bodies specified to meet service need. Standardised vehicle specification may facilitate wider joint working with the Council's Strategic Partner; while securing benefits arising from fleet maintenance and procurement.
Operational	Service performance and standards affected by fleet reliability.	Vehicle replacements sourced within effective utilisation period Of current stock. Appropriate vehicle specification. Planned maintenance and safety inspections undertaken.
Regulatory	European emission standards not met.	Specify vehicles which meet current EU emission standards. Maintenance of vehicles meets Council's statutory Duty of Care.
Financial	Increased cost of vehicle replacements place service budgets under greater pressure.	On the basis of the procurement exercise this risk has been partly mitigated through effective purchasing. Outright purchase minimises costs. Service specification included requirements re fuel efficiency, maintenance costs and operational flexibility which will minimise ongoing revenue costs
Reputation	Customer satisfaction with services has a significant impact on the Council's reputation.	Ensure vehicles employed meet needs of service and are maintained to high standards.
Staff	Changes in vehicle types and specification could affect the staff using them for service delivery.	Consult with staff and users on vehicle specifications and types to ensure fit for purpose.

5.2 Legal Implications including Data Protection

5.2.1 The value of vehicle replacements considered by this report exceeds the European Procurement thresholds for supply of goods and services (£172,514 or €207,000.

The proposed procurement which is via the Nottinghamshire Procurement Partnership (Light Commercial Vehicle) Framework Contract for provision of core fleet diesel powered light commercial vehicles up to 3500kg (Ref: 20101S 105-159633) complies with European Procurement requirements. This Procurement also enables the Council to secure advantages from a competitive bidding process for its vehicle fleet and thus to secure best value for local residents.

5.3 **Human Resources Implications**

5.3.1 None arising directly from this report.

6 **Recommendations**

6.1 It recommended:

- (a) That twelve light commercial vehicles, as set out at 5.1.1 of the report, are procured via the Nottinghamshire Procurement Partnership (Light Commercial Vehicle) Framework Contract for provision of core fleet diesel powered light commercial vehicles up to 3500kg (Ref: 20101S 105-159633)
- (b) Financing of the vehicles is undertaken by utilising the HRA Vehicle Replacement Reserve.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All District Wards
Links to Corporate Plan priorities or Policy Framework	Customer Focussed Services (Managing and maintaining the Council's social housing stock)

8 **Document Information**

Appendix No	Title
N/a	N/a
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
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