

**BOLSOVER DISTRICT COUNCIL**

**EXECUTIVE**

**30<sup>th</sup> NOVEMBER 2015**

**VEHICLE REPLACEMENTS – LEISURE SERVICES**

**REPORT OF COUNCILLOR B MURRAY-CARR WITH PORTFOLIO RESPONSIBILITY  
FOR THE ENVIRONMENT**

This report is public

**Purpose of the Report**

- To seek Executive approval to purchase light commercial fleet vehicles operated by the Council's Leisure Services Team.

**1 Report Details**

- 1.1 Leisure Services operate 8 light commercial vehicles which have previously been procured under finance lease arrangement, 5 of which fall due for replacement at March 2016.
- 1.2 The vehicles will be purchased through the Nottinghamshire Procurement Partnership (Light Commercial Vehicle) Framework Contract for provision of Cars, Light Commercial Vehicles up to 3,500kg GVW and Minibuses (Ref: 2015/5087-157149) 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 by way of prudential borrowing.
- 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, the fact that modern vehicles can operate effectively beyond a 5 year period; together, with the greater flexibility afforded by ownership rather than leasing making ownership the more cost effective option.
- 2.3 It is proposed that the vehicle replacements are funded via prudential borrowing which provides the Council with greater flexibility throughout the course of the loan; in particular, if at some stage in the future it was considered appropriate to take vehicles out of use or if a decision is made to extend their operational life then this can be accomplished in a more cost effective fashion.

### **3 Consultation and Equality Impact**

- 3.1 Leisure Services managers have undertaken consultation with staff concerning the suitability of the vehicles proposed to ensure they are appropriate to meet their service delivery requirements.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 Replacement of vehicles by way of finance lease arrangements was is considered to no longer offer good value to the Council and reduces the scope for flexibility concerning how vehicles are managed throughout the course of their anticipated period of utilisation; in particular, where vehicles may require releasing from lease agreements prior to their agreement end date.

### **5 Implications**

#### **5.1 Finance and Risk Implications**

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

<b>Vehicle</b>	<b>Qty</b>
Transit 350 L2 H2	1
Transit Custom 290 L2 H2	1
Transit Trend 125PS Minibus	1
Ranger XL single cab	1
Ranger XLT double cab	1

The total cost of the above vehicles amounts to one of £92,782. Prior to the purchase of the vehicles identified officers will be undertaking a further review to establish whether there is an opportunity to reduce the number of vehicles purchased.

- 5.1.2 The vehicles will be purchased by way of prudential borrowing; for which approval has previously been secured to meet the cost as part of the Council's vehicle replacement program. This was approved within the Council's Capital Programme and the associated prudential borrowing to finance the vehicle has been agreed as part of the Council's Treasury Management Strategy.
- 5.1.3 Prudential borrowing 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 would clearly have potential costs for Leisure Team and the Council
- 5.1.5 The table below summarises areas of risk associated with management of fleet vehicles:

<b>Risk Type</b>	<b>Risk Detail</b>	<b>Control Measure</b>
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; in particular, benefits arising from fleet maintenance and procurement.

<b>Risk Type</b>	<b>Risk Detail</b>	<b>Control Measure</b>
Operational	Service performance and standards affected by fleet reliability.	Vehicle replacements sourced within effective utilisation period.  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.  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 set out in this report exceed officer delegated approval levels; hence, seeking Executive approval to undertake their procurement via the Nottinghamshire Procurement Partnership Framework Contract for Cars, Light Commercial Vehicles up to 3,500kg GVW and Minibuses ref: 2015/5087-157149, which meets European requirements.

## **5.3 Human Resources Implications**

5.3.1 None arising directly from this report.

## 6 Recommendations

6.1 It recommended that:

- (a) Up to five 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 at a cost of up to £92,782.
- (b) Financing of the vehicles is undertaken by way of Prudential Borrowing as previously approved by way of the Council's Capital Programme and Treasury Management Strategy.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> (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
<b>District Wards Affected</b>	All District Wards
<b>Links to Corporate Plan priorities or Policy Framework</b>	<ul style="list-style-type: none"><li>• Providing our <b>Customers</b> with Excellent Service</li><li>• Supporting our <b>Communities</b> to be Healthier, Safer, Cleaner and Greener</li></ul>

## 8 Document Information

Appendix No	Title
N/a	N/a
<b>Background Papers</b> (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)	
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