

**Bolsover District Council**

**Executive**

**1<sup>st</sup> February 2016**

**Vehicle Replacements - Streetscene & Housing Services**

**Report Of Councillor B Murray-Carr With Portfolio Responsibility For The Environment**

**Purpose of the Report**

- To seek Executive approval to purchase commercial fleet vehicles operated by the Council's Streetscene and Housing Services Teams.

**1 Report Details**

- 1.1 Housing and Streetscene Teams operate a mixed fleet of heavy and light commercial vehicles which have previously been procured under finance lease arrangements.
- 1.2 4No refuse team; 5No streetscene team and 11No housing team vehicles will fall due for replacement in the 2016/17 financial periods.
- 1.3 Refuse collection vehicles (RCV's) are procured by way of the Nottinghamshire Procurement Partnership framework contract (Ref: OJEU Notice 2012/S 25-040551) which meets European procurement requirements.
- 1.4 Light commercial vehicles are procured by way of the Nottinghamshire Procurement (Light Commercial Vehicle) Framework Contract for provision of Cars, Light Commercial Vehicles and Minibuses (Ref: 2015/5087-157149) which meets European procurement requirements.
- 1.5 Whilst 4No refuse vehicles are identified for replacement, it is proposed to replace only 3, consisting of 2No 32tonne and 1No 18tonne RCV's; in particular, as the fourth vehicle was identified in the waste services review as part of identified efficiencies savings and thus, will not be replaced.
- 1.6 During the 2015 period, delays were experienced with Ford light commercial vehicle deliveries. Therefore, early Executive approval is sought to place orders for housing service vehicles to mitigate delays; all of which, are contained within the approved capital replacement programme for 2016/17

**2 Conclusions and Reasons for Recommendation**

- 2.1 Large and Light commercial vehicles identified in this report will reach the end of their lease terms and fall due for replacement in 2016\17. It is proposed they are replaced by way of established framework contracts and financed via 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 Streetscene and Housing managers have consulted staff on suitability of vehicles proposed to help ensure 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 and reduces the scope for flexibility concerning how vehicles are managed throughout the course of their anticipated life; in particular, where vehicles may require releasing from the leasing agreement prior to their natural end date.

### **5 Implications**

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

5.1.1 The cost of refuse collection vehicle replacements set out in this report is as follows:

<b>Vehicle</b>	<b>Qty</b>	<b>Renewal Date</b>	<b>£\Per</b>	<b>£\Total</b>
Dennis Eagle Olympus (Euro 6) Elite 2 (8x4) 32 tonne refuse collection vehicle	2	23.03.16	175,000	350,000
Dennis Eagle Olympus (Euro 6) Elite 2 (4x2) 18 tonne refuse collection vehicle	1	23.03.16	161,000	161,000
<b>Total</b>				<b>£511,000</b>

5.1.2 The cost of streetscene vehicle replacements set out in this report is as follows:

<b>Vehicle</b>	<b>Qty</b>	<b>Renewal Date</b>	<b>£\Per</b>	<b>£\Total</b>
Ford Transit 350 L3 H1 double cab tipper	3	24.03.16	22,300	66,900
Ford Transit 470 L3 H1chassis cab caged body	2	24.03.16	31,800	63,600
<b>Total</b>				<b>£130,500</b>

5.1.3 The cost of housing vehicle replacements set out in this report is as follows:

Vehicle	Qty	Renewal Date	£\Per	£\Total
Ford Transit 350 L2 H2	6	29.03.17	21,000	126,000
Ford Transit Custom 290 L1 H1	3	24.03.17	20,000	60,000
Ford Transit Connect	2	01.04.16	12,500	25,000
			<b>Total</b>	<b>£211,000</b>

5.1.4 In total **£852,500** of vehicle replacements is proposed in this report; prior to which, approval has previously been secured to meet costs via the approved Capital Programme, funded by prudential borrowing as agreed as part of the Council's Treasury Management Strategy. All of the recommended purchases as outlined within this report are included within the Capital Programme and Treasury Management Strategy which will be considered by Council at its meeting on 3<sup>rd</sup> February 2016.

5.1.5 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 Housing Repairs and the Council

5.1.6 The table below summarises areas of risk associated with 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; in particular, benefits arising from fleet maintenance and procurement.
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.

<b>Risk Type</b>	<b>Risk Detail</b>	<b>Control Measure</b>
Financial	Increased cost of vehicle replacements place service budgets under greater pressure.	On the basis of the procurement exercise this risk is 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 considered by this report exceeds the European Procurement thresholds for supply of goods and services (£172,514 or €207,000; hence, why procurement is proposed via Nottinghamshire Procurement Partnership Framework Contracts which meet European requirements.

## **5.3 Human Resources Implications**

5.3.1 None arising directly from this report.

## **6 Recommendations**

6.1 It recommended:

- (a) 3No refuse collection vehicles, as set out at 5.1.1 of this report, are procured via the Nottinghamshire Procurement Partnership Contract for the provision of Refuse Collection Vehicles.
- (b) 5No light commercial streetscene vehicles, as set out at 5.1.2 of this report, are procured via the Nottinghamshire Procurement (Light Commercial Vehicle) Framework Contract for provision of Cars, Light Commercial Vehicles and Minibuses.
- (c) 11No light commercial housing vehicles, as set out at 5.1.3 of this report, are procured via the Nottinghamshire Procurement (Light Commercial Vehicle) Framework Contract for provision of Cars, Light Commercial Vehicles and Minibuses.
- (d) Financing of the vehicles is undertaken by way of Prudential Borrowing, as previously approved within 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>• Supporting Our Communities to be Healthier, Safer, Cleaner and Greener</li> <li>• Providing our Customers with Excellent Services</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)	
Report Author	Contact Number
Steve Brunt	01246 217264\593044