

**BOLSOVER DISTRICT COUNCIL**

**EXECUTIVE**

**3<sup>RD</sup> OCTOBER 2016**

**Vehicle Replacements – Streetscene Services**

**Report of the Portfolio Holder for Environment**

**Purpose of the Report**

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

**1 Report Details**

- 1.1 Streetscene Team operate a mixed fleet of heavy and light commercial vehicles which have previously been procured under finance lease arrangements.
- 1.2 1No refuse collection; 2No grounds maintenance and 3No street cleansing function vehicles 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 Street cleansing vehicles (sweeping machines) were procured by way of the ESPO Framework (Ref: 215 Specialist Vehicles - Lot 3) Contract. Grounds maintenance (Tractors) was procured by way of open source tenders via of Source Derbyshire.

**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 most 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 has 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 be appropriate or offer good value to the Council due the current tractor vehicles not having the desired engine power to meet ancillary equipment requirements and leasing reducing the scope of flexibility concerning how vehicles are managed throughout the course of their anticipated life; in particular, where vehicles may require releasing from agreements prior to their natural end date.

4.2 Tractor replacements considered in this report take in to consideration potential for joint working arrangements to increase the utilisation of vehicles and ancillary equipment and reduce their overall numbers across the two Councils.

### **5 Implications**

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

5.1.1 The cost of refuse collection vehicle replacement, procured by way of the Nottinghamshire Procurement Partnership framework contract (Ref: OJEU Notice 2012/S 25-040551) is as follows:

<b>Vehicle</b>	<b>£\Per</b>	<b>£\Total</b>
Supply and deliver 1No Dennis Eagle Olympus (Euro 6) Elite 2 (6x2) 26 tonne narrow track, rear steer refuse collection vehicle	<b>167,500</b>	<b>167,500</b>
<i>Note: additional costs for swapping GIS tracking systems from current to new vehicle and addition of new signage\livery will be £1,000.</i>		

5.1.2 Tenders received and meeting the Council's specification for the supply and delivery of 3No street cleansing (sweeping machine) vehicles, procured by way of the ESPO Framework Contract (Ref: 215 Specialist Vehicles - Lot 3) is as follows:

<b>Tender</b>	<b>Requirement</b>	<b>£\Per</b>	<b>£\Total</b>
<b>A</b>	Supply and delivery of 3No Compact Sweeping Machines, meeting Euro VI Emission Standards and up to 5,000Kg (G.V.W)	<b>63,855</b>	<b>191,565</b>
<b>B</b>		68,780	206,340
<b>C</b>		72,049	216,147
<i>Note: additional costs for swapping GIS tracking systems from current to new sweepers and addition of new signage\livery will be £700 (approx.) per machine (£2,100).</i>			

5.1.3 It is recommended that **Tender A** is accepted through providing the Council with the 'best value' purchase solution.

5.1.4 Tenders received for the supply and delivery of 2No grounds maintenance tractors were evaluated on 60\40 (price\quality) basis in line with the Council's specification.

Evaluation outcomes therefore reflect price and quality in order of combined magnitude to assess 'best value' to the Council, as follows:

Tender	Requirement	£\Per	£\Total
A	Supply and delivery of 2No 115HP to 140HP Agricultural Tractors, complete with specified ancillary equipment.	50,390.00	100,780.00
B		48,330.00	96,600.00
C		47,006.60	94,013.20
D		47,137.50	94,275.00
E		57,250.00	114,500.00
F		60,520.00	121,040.00

*Note: additional costs for swapping GIS tracking systems from current to new tractors and addition of new signage\livery will be £700 (approx.) per vehicle (£2,100) with further option of changing agricultural tyres for turf flotation type for use in playing field and green open applications at £4,000 (approx.) per vehicle (£8,000). Additional cost for counter balance weights and screen protector will be £1,200 (approx.)*

5.1.5 It is recommended that **Tender A** is accepted through providing the Council with the 'best value' purchase solution.

5.1.6 Approval has previously been secured to meet vehicle replacements proposed in this report via the approved Capital Programme, funded by prudential borrowing as agreed as part of the Council's Treasury Management Strategy approved 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.
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.

<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 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.

## **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 (£164,176 or €209,000; hence, why procurement is undertaken via the Council's Shared Procurement Partnership (Source Derbyshire) and established ESPO and Nottinghamshire Procurement Partnership Framework Contracts, meeting European requirements.

## **5.3 Human Resources Implications**

5.3.1 None arising directly from this report.

## **6 Recommendations**

6.1 It recommended:

- (a) 1No refuse collection vehicle, as set out at 5.1.1 of this report, is procured via the Nottinghamshire Procurement Partnership Contract for the provision of Refuse Collection Vehicles.
- (b) 3No compact sweeping machines, as set out at 5.1.2 of this report, are procured via the ESPO Framework Contract (Ref: 215 Specialist Vehicles - Lot 3).
- (c) 2No grounds maintenance tractors, as set out at 5.1.4 of this report, are procured in line tenders received by Source Derbyshire.
- (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