

**North East Derbyshire District Council**

**Cabinet**

**11 July 2019**

**Compact Sweeping Machine Replacements**

**Report of Councillor C Cupit, Portfolio Holder for Environment & Climate Change**

This report is public

**Purpose of the Report**

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

**1 Report Details**

- 1.1 The Streetscene Team operate a mixed fleet of heavy and light commercial vehicles which have previously been procured under finance lease arrangements. Four compact sweeping machine now require replacing due reaching end of their planned period of utilisation.
- 1.2 The Council is able to arrange purchase of the machines through a European contract arranged by the East Shires Purchasing Organisation (ESPO) Vehicle Framework Contract (Ref: ESPO 215) which offers the Council good value and greater flexibility over lease agreements. It is proposed that four compact sweeping machines are purchased outright at a total cost of £314,173.96.

**2 Conclusions and Reasons for Recommendation**

- 2.1 Sweeping machines (4No.) identified in this report reach the end of their effective period of utilisation (5years) and fall due for replacement at December 2019. 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 recent years the Council changed its approach from one of using finance leasing to acquiring vehicles by outright purchase. The switch in approach reflects a combination of low interest rates and greater flexibility afforded by ownership rather than leasing, making ownership a 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 approach.

### **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 to leasing reducing 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 and/or extension.

4.2 Electric Battery Vehicles (BEV) are not currently available with meet the Council's specification; in particular, given operating range\time in meeting rurality of the District and proximity to its defined operating centres.

### **5 Implications**

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

5.1.1 Tenders received meet the Council's specification for the supply and delivery of 4No compact sweeping machines, procured by way of the ESPO Framework Contract (Ref: 215 Specialist Vehicles - Lot 3).

5.1.2 Tenders were evaluation on at 50\50 (Price\Quality) basis, as follows:

<b>Evaluation Ranking</b>	<b>Requirement</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>
<b>1</b>	Supply and delivery of 4No Compact Sweeping Machines, meeting Euro-6 Emission Standards and up to 6,000Kg (G.V.W).	<b>47.32</b>	<b>32.54</b>	<b>79.86</b>
2		49.98	28.06	78.04
3		50.00	26.66	76.66
4		49.72	26.71	76.44

5.1.2 It is recommended **Tender 1** is accepted by providing the Council with the 'best value' purchase solution (£314,173.96) evaluated on a Price\Quality (50\50) basis.

5.1.3 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 13<sup>th</sup> February 2019.

5.1.4 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 have potential costs for the Council

5.1.5 The following summarises areas of risk associated with management of vehicles:

Risk Type	Risk Detail	Control Measure
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.

Risk Type	Risk Detail	Control Measure
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.
Corporate Ambitions and Priorities	Service delivery supports Council Priorities which would be undermined by ineffective and inefficient fleet vehicles.	Vehicles and specialist bodies specified to meet service need.
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. Introduce BEV/PHEV technologies when able to meet the Council's service requirements.
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

## 5.2 Legal Implications including Data Protection

5.2.1 Value of vehicle replacements considered by this report exceeds the European Procurement thresholds for supply of goods and services (£181,302 or €221,000) hence, why procurement is undertaken via the Council's Procurement Team and established ESPO Framework Contract (Ref: 215) meeting European requirements.

## 5.3 Human Resources Implications

5.3.1 None arising directly from this report.

## 6 Recommendations

6.1 It recommended:

- (a) 4No 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) at a cost of £314,173.96.

- (b) 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

<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  BDC: Revenue - £75,000 <input type="checkbox"/>  Capital - £150,000 <input type="checkbox"/>  NEDDC: Revenue - £100,000 <input type="checkbox"/>  Capital - £250,000 <input type="checkbox"/>  <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	Yes
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	Yes
<p><b>Has the relevant Portfolio Holder been informed</b></p>	Yes
<p><b>District Wards Affected</b></p>	All District Wards
<p><b>Links to Corporate Plan priorities or Policy Framework</b></p>	<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	
<p><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)</p>	
N/a	
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