

REPORT TO: CABINET MEMBER ENVIRONMENTAL
CABINET
DATE: 7th April 2010
14th April 2010
SUBJECT: Vehicle/Plant Replacements 2009/2010
WARDS AFFECTED: NONE DIRECTLY AFFECTED
REPORT OF: JIM BLACK – OPERATIONAL SERVICES DIRECTOR
CONTACT OFFICER:
V J DONNELLY – 0151 288 6158
**EXEMPT/
CONFIDENTIAL:** NO

PURPOSE/SUMMARY: To advise the Cabinet Member Environmental and Cabinet of the results of the recent tendering exercise as part of the Annual Vehicle/Plant Replacement Programme, and to seek Member Approval to place orders for the new vehicles and plant items.	
REASON WHY DECISION REQUIRED: To comply with Contracts Procedure Rules	
RECOMMENDATION(S): 1) That the Cabinet Member – Environmental recommends that Cabinet: <ul style="list-style-type: none"> a) Accept the lowest tenders which comply with specification for each category of vehicle and plant. b) Approve the procurement of the replacement vehicles and plant, as listed in Annex One. c) Approve the sum of £1,084,497 to be included in the capital programme to purchase the required vehicles. With Tender reference T305, a 17 seat minibus, being purchased outright via external funding and the balance of the vehicles being purchased via operating lease arranged by the Finance Director. 2) That Cabinet agree the above.	
KEY DECISION:	NO
FORWARD PLAN:	Not Appropriate
IMPLEMENTATION DATE:	Following the expiry of the “call-in” period for the minutes of the meeting

ALTERNATIVE OPTIONS: None	
IMPLICATIONS:	
Budget/Policy Framework:	None

Financial:

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure		1,084,497		
Funded by:				
Sefton Capital Resources		1,064,545		
Specific Capital Resources		19,952		
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N		When?		
How will the service be funded post expiry?				

Legal: None

Risk Assessment: None

Asset Management: None

CONSULTATION UNDERTAKEN/VIEWS

FD 361 – The Interim Head of Corporate Finance and ICT Strategy has been consulted and his comments have been incorporated into this report.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Vehicle and Plant Tenders - January 2010

BACKGROUND

1. The annual review of the Vehicle and Plant fleet has identified a number of vehicles nearing the end of current operating leases which need to be replaced as they are proving to be expensive to maintain and increasingly unreliable to operate. This will affect service delivery and increase vehicle operating costs for the various user departments/sections that utilise these vehicles.
2. The Cabinet Member will recall that at a previous meeting, held on 16th December 2009, approval was given to commence the tendering process for the procurement of new/replacement vehicles and plant.
3. At this meeting approval was also given to use the Commercial Vehicle Framework Agreement - Contract 565. The benefits to Sefton in utilising this framework are avoiding the hidden costs of conducting a formal tender exercise, reduced time by using a more advanced procedure and benefiting from the combined purchasing power of the Welsh and Merseyside Authorities and the economies that greater annual expenditure achieves.
4. The framework agreement achieves maximum available discounts from the suppliers involved. Suppliers receive support from vehicle manufacturers via dealership or other retrospective agreements. The council has in effect carried out a mini tender exercise via this framework agreement involving designated suppliers, and this has resulted in the majority of vehicles being proposed for purchase will be from suppliers based within the Councils boundary or the geographical sub-region.

RESULTS OF THE TENDERING EXERCISE

5. Attached in Annex One is a summary of the types and numbers of vehicles required together with details of returned tenders and the lowest prices received.
6. Members will note that 14 companies were invited to tender from the Commercial Vehicle Framework Agreement - Contract 565 for the 18 categories of vehicles with a total of 30 tenders received by the deadline.
7. No tenders were received for tender reference number T:316 Citroen Berlingo Vans so departments were consulted on the suitability and costs of Ford Connect Vans to replace existing vehicles. Discussions have also taken place with the Operational Services Department, Cleansing Section and due to recent operational changes certain modifications have been

requested to some vehicles e.g. the supply and fitment of solid GRP Box bodies in lieu of tipping bodies and the fitment of specialist high pressure graffiti cleaning equipment on three vehicles. This has led to further discussion with suppliers to ensure the vehicles will be fit for purpose when delivered. The final selections and modified prices are included in Annex One and Two.

TENDER EVALUATION/FINANCIAL IMPLICATIONS

8. Officers from the Operational Services Department, Transport Section and Finance Department have evaluated the returned tenders. This process requires a number of critical checks and assessments, which include;
 - a) Compliance with specification.
 - b) Arithmetic Accuracy.
 - c) Technical Competence.
 - d) Financial appraisal.
 - e) Warranty and after sales support.
9. Meetings have been held with user departments and vehicle demonstrations provided to ensure that the vehicle and plant items proposed for purchase, and included in the returned tenders, comply with specifications, user requirements and budgetary provision.
10. Annex Two shows the comparisons between the submitted tenders for each category of vehicle, with tenders listed in lowest priced order.

EXISTING DEPARTMENTAL VEHICLES

11. The vehicle and plant items being recommended for replacement are all in secondary lease periods and will not be subject to any lease termination penalties.

ANTICIPATED NEW VEHICLE DELIVERY DATES

12. Due to the specialist nature of certain vehicle types and the fitment of specialist equipment, some will require ~18 weeks to manufacture and build. It is anticipated that all vehicles will be delivered, registered and licensed for use by September 2010.

FINANCIAL IMPLICATIONS

13. The Capital Cost of the vehicles and plant is £1,084,497 detailed below per Department and/or section:

Department or Section	Cost (£)
Operational Services Department - Cleansing	807,376
Leisure Services	111,203
Coast and Countryside	65,856
Coast and Countryside (externally funded)	19,952
New Directions	41,284
Legal Services (Postal Service)	22,500
Children, Schools and Families	16,326
Total	1,084,497

14. With the exception of Tender reference T:305 (17 Seat minibus), which is to be externally funded, the items will be purchased using an Operating Lease Facility arranged by the Finance Department and will not, therefore, impact on the level of capital resources available.
15. Provision exists within the individual Departmental Budgets for the resultant vehicle lease rentals and operating costs including maintenance road fund licence, fuel, insurance and the operators' licence, if required.

CONCLUSION

16. Many vehicles within the current fleet are now considered to be life expired. Maintenance costs are increasing year by year, there is an increased need to hire replacement vehicles, at additional cost to the authority, and service delivery is impaired by unreliability. If services are to be maintained then the phased introduction of replacement new vehicles and plant is considered to be essential.