

CABINET

DATE	13/01/2021
REPORT OF	Councillor Stewart Swinburn - Portfolio Holder for Environment and Transport
RESPONSIBLE OFFICER	Clive Tritton – Director of Economy and Growth
SUBJECT	Fleet Replacement 2021 - 2022
STATUS	Open
FORWARD PLAN REF NO.	CB 01/21/03

CONTRIBUTION TO OUR AIMS

The Council has identified two priorities of Stronger Economy and Stronger Communities with five themes. These are high level areas for focus, 'fleet replacement' plays an integral part of ensuring the priorities are delivered in a number of areas.

Stronger Communities - The current fleet supports Young People's Services/vulnerable adults, which fall under the categories of independence, active citizens, healthy lives, and recycling. Again, without its fleet the Council would not be able to meet its statutory duties by providing transport for adults and children with special education needs.

Stronger Economy – Core service areas are linked to a significant portion of the Council's fleet e.g., Waste Collection, Street Cleansing, Grounds Maintenance, which fall under the category of Local Employment through employing local people and buying vehicle parts locally. Many of the vehicles identified for replacement are frontline Street Cleansing and Grounds Maintenance vehicles, which service and maintain core areas of the borough including Cleethorpes tourist areas, which helps support, maintain, and improve a stronger local economy.

EXECUTIVE SUMMARY

The Council has a need to replace various items of fleet and plant, identified in Appendix 1, during 2021/2022 in order to maintain continuity of service across the service areas such as Vulnerable Children, Waste, Grounds Maintenance and Street Cleansing.

The procurement exercises to replace the fleet will comply with the Public Contracts Regulations 2015 (where required), the Council's Contract Procedure Rules, and ensure that the Council achieves its duty of Best Value.

The Council's estimated spend on the replacement fleet for 2021/2022 is £3,754,000.

RECOMMENDATIONS

It is recommended that the Cabinet:

1. Approves the commencement of procurement exercises for the purchase of replacement fleet.
2. Delegates responsibility to the Director of Economy and Growth in consultation with the Portfolio Holder for Environment and Transport to deal with all matters leading to and including the award of the contracts for the purchase of replacement fleet.
3. Authorises the Chief Legal and Monitoring Officer to complete and execute all legal documentation in connection with the awards.

REASONS FOR DECISION

The decision allows the Council to commence procurement exercises for the purchase of its replacement fleet and allows the Council to award the subsequent contracts.

1. BACKGROUND AND ISSUES

The Council has a need to replace the items of fleet and plant identified in Appendix 1, in order to maintain continuity of service across the service areas such as Vulnerable Children, Waste, Grounds Maintenance and Street Cleansing.

The Council has a “Corporate” responsibility to ensure that all fleet / transport operations comply with the DVSA (Driver and Vehicle Standards Agency) standards. The Council’s continued right to hold its Operator’s Licence depends on how the “Corporate Body” is managing its “Fleet”. To be able to plan for the capital requirements going forward a Category Fleet Plan has been developed which includes the most cost and time effective method of meeting the future demand for fleet vehicles and equipment replacement between 2021/22

The fleet of vehicles enables the Council to meet its statutory duties in areas such as Waste collection, Street Cleansing, Children’s Services, Education, and Highways Maintenance and gritting and deliver its priorities as set out within the Councils Commissioning Plan and Outcomes Framework. The fleet must be adequate in terms of capacity and reliability and be fit for purpose to deliver the agreed outcomes for the Council. The fleet plan must also adapt to changing requirements and priorities, for example, the introduction of electric vehicles to the fleet to help to improve local air quality and reduce carbon emissions as well as being economically advantageous in terms of fuel savings and road tax incentives.

The Council’s estimated spend on the replacement fleet for 2021/2022 is £3,754,000. This total is made up from £1,828,000 deferred from 2020/21 budget for waste vehicles that have not been replaced yet, due to the ongoing WRAP Waste review, and an additional £1,926,000 for originally planned fleet

replacement for 2021/22. The deferred amount and £1,926,000 has already been approved by Council in February 2020.

Formal Invitation to Tender and award criteria will be developed, and the procurement(s) will be undertaken in line with the requirements of the Public Contract Regulations 2015 (where required), and the Council's Contract Procedure Rules, and ensure that the replacement fleet represents value for money for the Council.

2. RISKS AND OPPORTUNITIES

Vehicles need to be procured in line with the Council's Operator Licence, Construction and Use Regulations and Driver and Vehicle Standards Agency statutory requirements. Without its fleet, the Council would not be able to meet its statutory duties in areas such as Waste collection, Street Cleansing, Children's Services and Highways gritting or deliver its priorities set out within the Council Plan.

The funding has already been approved but if approval to commence procurement and delegation of award decision is not given then this will have a major impact of service users (and ultimately the Councils) revenue budgets.

Choosing not to replace the fleet identified in Appendix 1 brings specific revenue costs associated with the ageing vehicles. Industry standard suggests that vehicles should have a lifespan of 6 years. Currently the vehicles in the Council's fleet greatly exceed this lifespan with many being 9 and 10 years old.

If recycling refuse trucks are not replaced, in line with the current review by WRAP, then the Council will not be able to deliver on the recommendations of the review.

If procurement is not approved, for the already approved budget, then there is a significant risk of the current revenue budgets being affected due to increased costs of repairing and maintaining our aging fleet. There is also a significant risk to the Council Operator Licence which has strict guidelines on the upkeep and maintenance of our heavy goods vehicles. Failure to do so may result in:

- Revocation of the O' licence would mean NELC would be permanently disqualified from using vehicles above 3.5 GVW.
- Suspension of the O' licence would mean NELC would be disqualified from using vehicles above 3.5 GVW for a period of time.
- Curtailment of the O' license would mean NELC may be subject to a reduction of vehicles it is authorised to use.

With ageing vehicles there is also a greater risk of vehicles breaking down and due to the specification of these vehicles it is not easy to hire in replacements.

This would severely impact on key services in the borough including cleansing and security.

3. OTHER OPTIONS CONSIDERED

The “do nothing” option is an option, but was not felt to be feasible, as there is a continuous need to improve fleet efficiency across all areas and fleet is evaluated each year and only replaced on a need basis when the item has come to the end of its life and is no longer cost effective to keep and maintain. To do nothing would not improve the cleanliness of the Council’s fleet and would impact on our commitment to reduce our environmental impact.

Long Term Leasing

- Indicative 7 year life span costs for rental of a basic RCV would be approximately £327,000 – not including R&M.
- This is approximately £110 -130,000 more than the cost of outright purchase and does not provide value for money.
- Leasing companies also impose onerous return conditions on vehicles.
- There would also be additional costs for purchase of equipment such as four way cameras to bring leased vehicles up to spec.

Therefore, the option to lease vehicles is not considered to represent value for money.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are potential positive/negative reputational implications for the Council resulting from the decision. An action plan has been/will be agreed with the Council’s communications service, covering the following issues,

- If waste collections are disrupted due to vehicle breakdowns or unable to deliver what has been agreed in the Cabinet decisions would have a significant negative impact on the council’s reputation.
- Non replacement of Children’s Services vehicles would have a serious impact on the wellbeing of looked after children and would impact on any Ofsted investigation.

5. FINANCIAL CONSIDERATIONS

Many of the vehicles identified for Appendix 1 are frontline vehicles which service and maintain core areas of the borough including Cleethorpes tourist areas. A modern fit for purpose fleet enables the Council to deliver on its statutory duties so having a positive impact on residents, businesses and visitors and tourism. The fleet highlighted for replacement in 2021/22 are all high mileage and utilised throughout the day. The fleet have been individually assessed and those at the end of their lifespan are no longer financially viable to retain in the fleet.

The replacement of only those fleet, which are required for the future, will reduce costs of increasing repairs and maintenance costs, which will impact on service revenue budgets.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Prior to any fleet replacement, all services are challenged on the need for replacement through a fleet replacement justification process. This includes challenging the service on the actual need for replacement, challenging the vehicle utilisation in the past two years which is recorded on the vehicles on-board monitoring devices, challenge if the service can reduce the number of vehicles or are there any alternatives that can be sourced.

This initiative has led to the introduction of a fleet of electric vehicles in 2016 with the Fleet Management Team replacing 26 diesel vehicles with new modern cost effective electric vehicles. This decision was not only based on the introduction of cleaner vehicles but mainly on a cost saving basis due to the reduction in fuel costs, being cheaper to service and maintain due to less moving parts and savings on zero road tax. Engie, Security Service operates 4 of these vehicles which are used 24/7 to fulfil their contractual obligations.

Overall, from this new initiative there is not only savings on the Council's carbon footprint, but the financial savings is estimated to be approximately £1,250 per vehicle, per year plus a reduction of an estimated average of 3000kg of CO₂ per vehicle per year.

Where it is not viable to replace with electric or alternative fuelled vehicles then the Council will aim to achieve the cleanest fuelled vehicle available, contributing towards delivery of the Council's Environmental Policy.

7. CONSULTATION WITH SCRUTINY

There has been no consultation with Scrutiny

8. FINANCIAL IMPLICATIONS

The spend has already been agreed through the approved budget within the Council's capital programme. The procurement process aims to ensure value for money is achieved in the purchase of new vehicles.

9. LEGAL IMPLICATIONS

9.1 The procurement for replacement of fleet aligns to the Council's strategic aims and objectives.

9.2 The procurement exercise will be conducted to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.

9.3 The delegations sought are consistent with an exercise of this nature.

10. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications contained within this report, however once the new fleet has been procured full training of staff will be required.

11. WARD IMPLICATIONS

Fleet replacement effects the whole of North East Lincolnshire

12. BACKGROUND PAPERS

Business Case Service Statement for Fleet Replacement 2021 - 22.
Cabinet Report for 2019/20 and 2020/21 Fleet Replacement, dated 19/03/19
www.nelincs.gov.uk

13. CONTACT OFFICER(S)

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