

<b>8 March 2017</b>		<b>ITEM: 14</b> <b>(Decision 01104413)</b>
<b>Cabinet</b>		
<b>Procurement of Environment Vehicles</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Pauline Tolson, Cabinet Member for Environment		
<b>Accountable Head of Service:</b> Julie Rogers, Head of Environment		
<b>Accountable Director:</b> Steve Cox, Corporate Director of Environment and Place		
<b>This report is Public</b>		

### **Executive Summary**

The purpose of this report is to seek approval for the procurement of the Council's vehicle and plant requirements reflected in the approved Capital Programme for 2017/18. These fleet items will include multi-purpose gritting vehicles, refuse collection vehicles and all sub 5-tonne vehicles and plant and associated equipment due for replacement.

The Council currently operates 6 gritting vehicles, 30 refuse collection vehicles (including 7 currently hired), and 45 sub-5 tonne vehicles that are due for replacement due to their age and condition over the financial year 2017/18. Retention of vehicles beyond their economic life will lead to more frequent breakdowns and accelerating maintenance costs, requiring additional external hiring or result in a reduction in the operational capacity to deliver front line services.

Some of the vehicles currently in use are already beyond their economic life, delays in procurement have taken place awaiting the outcome of the "Cut It, Clean It" pilot and the type of vehicles required to meet the revised operational model. In order to meet our "Cut It, Clean It, Fill It" objectives we require vehicles and equipment to be fit for purpose, reliable and flexible. The procurement outlined in this report will replace sub-5 tonne vehicles ensuring the new euro 6 emission standards are met and equip the service to better deliver frontline needs. The new vehicles will address some of the capacity and weight issues, being experienced due to increased volumes of litter and fly tips being collected on a daily basis.

The ageing equipment and vehicles are having a detrimental impact on the operational delivery of the service, as was seen in 2016 and more recently unreliable gritters, which has resulted in lease arrangements during the winter months. Similar operational impact has also been observed in relation to refuse collection, warranting

the need to lease some vehicles while evaluating the vehicle requirements following route optimisation and the introduction of the “sweep system”, due to commence in May.

It is proposed to source the procurement of all fleet items from a single supplier for each related tender, to maximise value for money, business continuity and demonstrate best practice in our fleet management function.

## **1. Recommendations**

- 1.1 That Cabinet endorses the approach laid out in this report for procuring the Gritting vehicles, Refuse collection vehicles and general plant sub 5 tonnes.**
- 1.2 That Cabinet approves commencement of the tendering process for Gritting vehicles, Refuse collection vehicles and general plant sub 5 tonnes in accordance with EU procurement procedures.**
- 1.3 That Cabinet approves delegation to the Corporate Director of Environment and Place to enter into and award the necessary contracts following the procurement process, in consultation with the Portfolio Holder for Environment.**

## **2. Introduction and Background**

- 2.1 The Fleet Management division has the responsibility of providing vehicles and plant to user departments across the Council so that they can provide their day to day services. This report seeks approval to procure the fleet items required in 2017/18 and to engage with a single supplier for each of the four tenders, to maximise value for money, business continuity and ensure effective and efficient fleet management over the coming years.**

## **3. Issues, Options and Analysis of Options**

### **Gritting Vehicles**

- 3.1 Following advice from the Council’s Procurement service, for this procurement we intend to utilise the TPPL (Procurement Partnership Ltd) framework contract for the supply of 6 multi-purpose gritting / general purpose vehicles. The economies of scale this method offers will provide the most economically advantageous approach by combining all requirements for this class of vehicle into a single procurement process over the next financial year, and constrain the timescales associated with a full tender process, reducing the need to hire in vehicles to cover breakdowns**

3.2 The vehicles that will fall under the remit are as follows: -

- 6 multi-purpose gritting / general purpose vehicles for the operation of highways maintenance; fly tip removals and winter gritting facilities. The estimated cost of these replacement vehicles is £900k.

### **Refuse Collection Vehicles**

3.3 For this procurement we intend to utilise either a CCS (Crown Commercial Services) framework agreement or undertake a full EU-compliant procurement process. Both options are currently under on-going consultation. At this point it is not clear which option will provide the most economically advantageous approach. However we do as a Council need approval to proceed whilst the options are evaluated due to the tight time constraints involved in the procurement process, with typical lead times for vehicles of this nature generally around six months from point of order following successful tender award.

3.4 The vehicles that will fall under the remit are as follows: -

- Up to 30 Refuse Collection vehicles required by the Council for the collection of Household waste; Recycling; Trade and Garden/Food waste. The estimated cost of these replacement vehicles is £6.2m.

3.5 The number of vehicles covered by this contract will not be fixed at the outset as it will depend on future Council requirements determined by the Refuse collection route optimisation work currently underway.

### **Vehicles below 5 Tonnes gvw**

3.6 Following advice from the Council's Procurement service, for this procurement we intend to utilise the TPPL (Procurement Partnership Ltd) framework contract for the supply of all vehicles beneath the weight capacity of 5 tonnes. The economies of scale this method offers will provide the most economically advantageous approach by combining all requirements for this class of vehicle into a single procurement process over the next financial year. Use of a procurement framework arrangement also constrains the timescales associated with a full tender process, reducing the need to hire in vehicles to cover breakdowns, as well as providing a mechanism to respond more quickly to increases in the need for vehicles and plant such as occurred with the introduction of the Clean It, Cut It initiative.

3.7 The fleet items that will fall within this category are as follows:

- Small vans
- Medium panel vans
- 4.7 – 5 tonne caged crew cab tippers
- 3.5 tonne flat backs
- 3.5 tonne caged tippers

- 3.5 tonne crew cab caged tippers
- 4 x 4 Trucks

- 3.8 The volume of orders under the contract will not be fixed at the outset as it will depend on the future Council requirements influenced by several service review exercises being progressed. At the time of this report it is envisaged that 45 vehicles will be replaced over the next financial year with an associated value of £1.2m.
- 3.9 The values stated are within the 2017/18 capital programme approved by Cabinet on 8 February 2017 in respect of the Vehicle Replacement Programme.
- 3.10 By providing a single procurement process it will ensure that the Council has the same vehicle supplier for all vehicles within the contract category. This will also reduce the costs associated with training, parts suppliers and stockholding.

### **Plant and Associated Equipment**

- 3.11 Following advice from the Council's Procurement service, for this procurement we intend to utilise the TPPL (Procurement Partnership Ltd) framework contract for the supply of all plant and associated equipment. The economies of scale this method offers will provide the most economically advantageous approach by combining all requirements for this fleet category into a single procurement process over the next financial year, and constrain the timescales associated with a full tender process.
- 3.12 The volume of orders under the contract will not be fixed at the outset as it will depend on the future Council requirements influenced by several service review exercises being progressed. At the time of this report it is envisaged that 35 plant items will be replaced over the next financial year with an associated value of £500k.

## **4. Reasons for Recommendation**

- 4.1 The reason for the recommendations is to ensure continuity of service and vehicle and plant availability for departments across the Council and to comply with EU Procurement Regulations.

## **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 Not applicable.

## **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 Not applicable.

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Carl Tomlinson**  
**Finance Manager**

The cost of the vehicle procurement is £8.8m broken down as follows:

Gritting vehicles - £0.9m  
Refuse Collection Vehicles - £6.2m  
Vehicles below 5 Tonnes gvw - £1.2m  
Plant and Associated Equipment - £0.5m

An allocation of £7.15m is included within the capital programme for 2017/18 as agreed at February 2017 Council. In addition, £1.6m will be carried forward from the 2016/17 capital programme allocation providing sufficient funding. The vehicles that will be supplied will be more financially viable due to less vehicle associated costs, maintenance and vehicle downtime.

### **7.2 Legal**

Implications verified by: **Kevin Molloy**  
**Solicitor**

This report is seeking approval from Cabinet to tender the contracts noted in the report. The proposed procurements being considered are estimated at above EU thresholds for supplies contracts. This means that there is a legal requirement to competitively tender the contracts via the Official Journal of the European Union (OJEU) or to procure using an EU compliant framework agreement. Legal Services note that the tenders will either be conducted in accordance with the Public Contract Regulations 2015 (the 'Regulations') or procured using an EU compliant framework.

Before using any Framework contract the council must ensure that such a Framework is EU compliant and that it was procured in such a way as to entitle the Council to use it without contravening EU procurement rules.

Taking the above into account, on the basis of the information in this report, the proposed procurement strategy should comply with the Regulations and the Council's Contract Rules.

The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

### 7.3 **Diversity and Equality**

Implications verified by: **Becky Price**  
**Community Development Officer**

Evidence of competitors practice to promote diversity and embedded equality within their organisations and through the delivery services is a core element scored as part of the assessment process for council tenders. The successful provider of the Refuse Freighters; Gritting vehicles and vehicles below 5 tonnes will be expected to adhere to the council's equal opportunities policy and employee rights legislation which is further embedded in the council's standard contract terms and conditions.

### 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- Not applicable

### 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

### 9. **Appendices to the report**

- None

### **Report Author:**

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