

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT TO CABINET

Date: April 2014

Title: Short Term Hire of Vehicles
Submitted by: T Nicoll
Portfolio: Environment and Recycling
Ward(s) affected: All

Purpose of the Report

- To highlight the need for short term hire of vehicles across the Council Fleet.
- To agree an approval process for tendering and award.

Recommendations

- That the Cabinet agrees that officers proceed with the tendering process.
- That subject to the above, Cabinet delegates the authority to award the contract to the Executive Director (Operational Service) after consultation with the Cabinet Portfolio Holder - Environment and Recycling.

Reasons

- To provide the Council with a short term supplier for the supply of vehicles.
- To enable the Council to undertake operational services for the benefit of residents and local businesses.

1. Background

The Council has followed a process of capital purchasing the majority of its specialist fleet vehicles over the last 5 years, however there are still a small number of vehicles operated by the Council that are obtained via short term hire agreements with specialist hire providers. There are a number of reasons why we currently do this including pressures on capital budgets, increased flexibility for operational services, and options for longer term service provision and development.

2 Issues

The two most expensive vehicles that we have on the fleet via a short term contract arrangement are the two 26 tonnes refuse collection vehicles that are use on the trade waste collection services. The cost of short term hiring these two vehicles is in the region of £80,000 per year. As the value of the providing these vehicles is likely to exceed the threshold for supplies as set out in the Public Contracts Regulations 2006 and the Councils

Standing Orders, the Council either needs to undertake a full procurement exercise or utilise a compliant call-off framework provided by one of the purchasing organisations.

We have undertaken a short option appraisal exercise regarding these two vehicles, which has led to the following findings:-

- **Failure to have these vehicles on fleets** – this would lead to the Council not being able to provide a Trade Waste Service leading to a loss to income per year in the region £400,000 to the Council.
- **Outright Purchase of Vehicles** – Currently the replacement of vehicles are not identified with 2014/15 Capital Budget and short term hire provide the Council greater flexibility during times of change, in providing this service, budget is in place within the service revenue budget.

3 Proposal

The Cabinet provides Officers of the Council the authority to tender and award for the provision of these two refuse collection vehicles for a maximum period of three years.

Officers will first review various framework provisions to see if this method provides best value through a Most Economically Advantageous Tender (MEAT) process and the flexibility required for the provision of the items. If a suitable framework can not be determined Officers would then tender via open procurement method.

It is requested the Cabinet delegates the authority to enter into the contract with the preferred supplier after tendering to the Executive Director (Operational Service) after consultation with Cabinet Portfolio Holder - Environment and Recycling.

4 Outcomes Linked to Corporate Priorities

The proposals relate to the effective delivery of high quality operational services, which would contribute to the following:

A clean, safe and sustainable borough

- The negative impacts that the Council, residents and local businesses have on the environment will have reduced
- Our streets and open spaces will be clean, clear and tidy

A co-operative Council delivering high quality, community driven, services.

- High performing services will be delivered for all residents and customers.

5 Legal and Statutory Implications

The procurement process is being conducted to meet the requirements of the Public Contracts Regulations 2006 and the Councils Standing Orders.

The contract document pertaining to this service has been prepared by legal/framework provider and agreed by Procurement Officer.

6 Equality Impact Assessment

An equality impact assessment is not required in respect of this procurement process.

7 **Financial and Resource Implications**

During the tendering process officers from the Recycling and Fleet Service with the support of officers within the Finance Department will develop a costing model to ensure that the Council is not exposed to a financial risk. Revenue budgets are already in place in various cost centres to cover the cost of scheduled short term hired vehicles.

To mitigate and minimise risk to the authority third party credit checks would also be undertaken on the preferred tenderer prior to the award of contract.

8.0. **Major Risks**

The major risks are considered to be:

- Failure to undertake and award tender would leave the Council open to challenge under the Public Contracts Regulations 2006.
- Without tendering or utilisation of a framework the Council would find it difficult to demonstrate that best value has been achieved.

9.0 **Recommendations**

The recommendations include the following:

- **That the Cabinet agrees that officers can proceed with the tendering process.**
- **That subject to the above, Cabinet delegates the authority to award contract, to the Executive Director (Operational Service) after consultation with the Cabinet Portfolio Holder - Environment and Recycling.**