

PLYMOUTH CITY COUNCIL

Subject: Fleet Replacement Programme: Purchase of Refuse Collection Vehicles
Committee: Cabinet
Date: 9 June 2015
Cabinet Member: Councillor Evans
CMT Member: Anthony Payne (Strategic Director for Place)
Author: Garry Stainer, Fleet and Garage Manager
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Ref:
Key Decision: No
Part: I

Purpose of the report:

This report is seeking approval of the Cabinet to delegate to the Cabinet Member for Environment to make the decision and authorise contract award, once tenders are evaluated through procurement.

The Leader approved the full business case and made an executive decision on 9 April 2015 to include the allocation of £4.2m for vehicle replacements, which is to be phased over two years, 2015/16 and 2016/17.

This £3.9m allocation of the £4.2m, will form the largest element of the overall spend of capital funding and will be a single supplier contract.

This contract award will be for the purchase outright of 26 tonne and 22 tonne refuse collection vehicles at a value in the region of £3.9m with phased delivery of the vehicles.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

This project will support a 'Pioneering Plymouth' by ensuring that the best value for money approach is taken when considering fleet procurement and maintenance, allowing for the more efficient and considerate utilisation of financial resources. Where financial opportunities can be realised, that won't affect the delivery of services (in terms of quality and professionalism), the project will pursue to realise all benefits that can contribute towards achieving an effective, effective and sustainable Council.

This project will support a 'Growing Plymouth' by ensuring that the money and efficiencies that can be saved are sourced and secured. The financial benefits generated will allow for the Council to further invest in greater living and learning opportunities. The project will ensure that the Council is able to continue to deliver its services to a high standard, and plan for the future, where growth is considered. From an external point of view, Plymouth City Council will be regarded as an efficient and effective governing body, attracting further external investment.

This project will support a 'Caring Plymouth' by ensuring that all citizens are the first point of consideration for any changes. The project will ensure that financial opportunities are realised, allowing for the safeguarding of services and ensuring all citizens continue to be supported and treated fairly. The supporting of this project will allow for a much more reliable and effective fleet of vehicles and will reduce an ageing fleet's carbon footprint, proving a cleaner and safer city for the residents of Plymouth.

This project will support a 'Confident Plymouth' by contributing to the increase in efficiencies of all departments within the Council, by ensuring all areas for improvement are considered, and benefits are realised. This will allow external parties to consider Plymouth as an efficient, cost-effective and reliable city, which in turn is likely to have a positive effect on investment within the city.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

Value-For-Money Procurement – having the ability to plan in advance what the Council's fleet requirements will be will allow for bulk orders to be placed far in advance of when the Council requires the vehicles. This will have 2 main benefits, the first being the significant reduction in lead/construction time, which will allow for the vehicles to be built and ready exactly when the Council requires the assets. The second main benefit stems from the bulk ordering in advance, which will allow for a more cost-effective deal with suppliers to be captured, driving further savings for the Council. If this project was not undertaken, the Council would continue to purchase vehicle as and when they are required, disallowing the possibility for bulk discounts and offers.

Reduced Imprest Stock – a replacement programme will allow for a single supplier to be chosen for a particular set of vehicles, which the Council has deemed the most cost effective solution. This will allow for a much simpler fleet management of vehicles, through the reduction of the number of makes and models of vehicles within the fleet, as all the vehicles will now be procured from a significantly reduced supplier list. As there are much fewer vehicle makes and models, the Fleet and Garage department will be able to stock less parts in total and the amount of imprest stock will be reduced. If this project was not undertaken, the Council would continue to stock a significantly large amount of items to satisfy the demand of an ageing and diverse fleet of vehicles.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

Reduced Training Requirements – likewise with the reduced imprest stock, the reduction in the amount of vehicle makes, models and suppliers will result in a much more uniform and similar fleet of vehicles. This will reduce training requirements, including time and costs, for members of staff as they will be operating on the same makes and models of vehicles. If this project was not undertaken, the training requirements would be maintained at a high level, leading to all members of maintenance staff having to learn how to maintain a very large variety of vehicles.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes

The equality impact assessment is contained within the fleet replacement programme executive decision attached.

Recommendations and Reasons for recommended action:

It is recommended that Cabinet approve delegated authority for the Cabinet Member for Environment to approve the contract award for the purchase outright of 26 tonne and 22 tonne refuse collection vehicles at a value in the region of £3.9m with phased deliveries.

Delegated decisions for this contract will reduce the delivery timescales and offer immediate and greater savings for the Council. Delaying this process adds pressure to the front line services. PCC will also incur higher defects and running costs of the current vehicles if this option is not authorised.

Alternative options considered and rejected:

To obtain approval for award of contract at Cabinet. This option has been rejected due to missed savings opportunities.

Published work / information:

Decision by the Leader on the Fleet replacement programme and business case – April 2015. Authorisation to add capital funding 2015-6 - £4.2m attached.

Background papers:

None

Sign off:

Fin	ABPla ceFES C151 6001. 2605 15	Leg	SC/22 646.	Mon Off	N/A	HR	N/A	Assets	N/A	IT	N/A	Strat Proc	HG/C S/395 /DD/ 0515
Originating SMT Member Simon Dale 26/05/2015													
Has the Cabinet Member(s) agreed the content of the report? Yes													

1.0 Background

- 1.1 PCC are in the process of implementing Category Management into Fleet services, this will then give the fleet manager the responsibility of deciding which assets are required and when they need to be replaced, based on data of mileage, servicing costs etc. Vehicles are currently reviewed and assessed periodically for eligibility to be renewed, and commonly driven by a service department request. This is a shift in attitude, as previously vehicles have been purchased as and when revenue has been available to pay for these assets. It has also driven detrimental behaviour, as when an asset has repaid its loan, the cost of the vehicle reduces to the budget holder, and they see it as cheap motoring, without factoring in the increased cost of repairs and maintenance and the risk of break down during critical times.
- 1.2 The capital will be repaid by the business over the life of the asset/loan via budget holder's revenue, with the implementation of category management; each vehicle will come with a monthly charge that covers the capital repayment, servicing and fleet and garage overheads. This charge is within the overall budget for PCC for vehicles and plant. Where it is decided that assets can continue in use beyond their useful life, the capital charge will be set aside to fund future vehicle purchases, reducing the requirement for capital funding.
- 1.3 Previous procurement exercises have identified that purchase outright with the use of unsupported borrowing has been the favoured option, and this option is being recommended for this procurement.
- 1.4 If replacements are not authorised then it is expected that the waste collection vehicles will need to be removed from service within the next 12 months as the cost of running the vehicles and the service will increase, as it will be dearer to move to a short term hire position. Therefore it is recommended to replace the vehicles as soon as possible to reduce ongoing and future costs.
- 1.5 The proposal will support the Transformation agenda by introducing new methods and ways of working towards achieving financial savings, driving efficiencies within services and influencing the future behaviours of the Council.