

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
<b>Cabinet</b>	<b>12 June 2013</b>

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
<b>Vehicle Replacement Programme</b>	<b>Neighbourhoods and Streetscene</b>	<b>Mark Gaffney</b>	

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

The Council's vehicle replacement capital programme includes for the replacement of one large and two mini - road sweeping vehicles in 2013/14. This report requests approval for the proposed procurement process, contract award procedure and evaluation criteria and weightings.

Discussions with Chorley Borough Council (CBC), through the shared financial and procurement service, have identified that CBC is also currently giving consideration to entering a procurement process for one large and two mini - road sweeping vehicles, which could be done jointly with the Council. However, due to the different decision making processes and timescales, at the time of writing CBC has not yet made a decision. The report therefore proposes that, subject to CBC confirmation, a joint procurement exercise is undertaken to take advantage of the benefits that a joint procurement should bring to both councils.

The report also requests approval to incur capital expenditure for all three vehicles and to delegate authority for the award of contract for the one large road sweeping vehicle only, for the reasons outlined later in the report. It is proposed that a further report will be presented to a future Cabinet in relation to the award of contract for the two mini - road sweeping vehicles.

The proposals in the report link directly to all of the Council's corporate priorities but especially Clean, Green and Safe.

## **RECOMMENDATIONS**

That Cabinet agree:

1. To grant authority under section 3.4 of the Financial Regulations to incur capital expenditure of £255,000 for the purchase of one large and two mini road sweeping vehicles.
2. To approve the joint procurement process (subject to Chorley Borough Council confirming it wishes to take part), contract award procedure and evaluation criteria and weightings, as outlined in the report.
3. To waive all relevant provisions of the Council's Standing Orders for Contracts and in particular clause 26.4, for the reasons outlined in the report, and authorise the Director of Neighbourhoods, in consultation with the Cabinet Member for Neighbourhoods and Streetscene, to accept the most economically advantageous tender for the supply of one large road sweeping vehicle.
4. For a further report to be presented to a future Cabinet in relation to the award of contract for the two mini - road sweeping vehicles.

## **DETAILS AND REASONING**

### **Background**

The Council's approved vehicle replacement capital programme for 2013/14 includes for the replacement of one large and two mini - road sweeping vehicles.

### **Procurement Process**

The last major procurement of vehicles was conducted in 2012 through a Framework Agreement. A purchasing organisation framework is a professionally procured public sector agreement which complies with EU Public Procurement Directives and the Council's Standing Orders and Contract Procurement Rules. This enables a reduced timeframe by allowing a mini competition to suppliers included in the framework as opposed to a full EU procurement process.

The Council has experience of working with ESPO (Eastern Shires Purchasing Organisation) which as a local authority purchasing organisation provides a service to help provide efficiencies for local authorities through collaborative procurement activities and framework agreements. By using the ESPO frameworks, the Council would benefit from the economies of using a large public sector agreement, efficiencies and reduced timescales in the procurement process, and would also be able to take advantage of the specialist knowledge of the transport team at ESPO.

The proposed use of ESPO would be fully compliant with the Council's Standing Orders and Contract Procurement Rules.

### **Joint Procurement**

Discussions with Chorley Borough Council (CBC), through the shared financial and procurement service, have identified that CBC is also currently giving consideration to entering a procurement process for one large and two mini - road sweeping vehicles. An early investigation of the market has indicated that a joint procurement exercise could potentially bring about savings for each council.

A joint procurement with CBC can be undertaken via ESPO which would achieve collaborative working efficiencies and maximum discount volumes. However, each council would still make individual contract awards through this EU compliant framework which is also fully compliant with the Council's Standing Orders and Contract Procurement Rules.

It is therefore proposed that, subject to CBC confirming it wants to enter a joint procurement process for the vehicles, a joint procurement exercise is undertaken to take advantage of the benefits that a joint procurement could potentially bring to both councils.

### **Evaluation criteria**

In line with best practice, it is proposed that the tenders are evaluated using the MEAT criteria and weightings listed below, to establish the Most Economically Advantageous Tender (MEAT):

**Cost 60%:** 40% Purchase Price  
5% Residual Value  
5% Basket of Parts  
5% Servicing and Maintenance  
5% Fuel Costs.

**Quality 40%:** 20% Warranty and Technical Support  
10% Delivery  
10% Environmental/Sustainability

## **Award of Contract**

Following the completion of the tendering process, it is proposed that a further report will be presented to the September cabinet seeking approval for the award of contract for the two mini – sweeping vehicles. Following this decision the vehicles will be ordered for a delivery date which is likely to be in the early New Year.

With regard to the large road sweeper, the delivery lead in time is a longer period than that for the mini – sweepers. It is therefore desirable to complete the tendering process and order the vehicle within the minimum timescales. The key reason is that the existing sweeper, which is approaching the end of its economic life, is now starting to deteriorate more rapidly. The summer work is less intensive than the winter work which involves leaf removal, road grit and other winter debris. Whilst the vehicle will cope with the summer work it is preferable that it is replaced before the main winter period. The heavy winter work is likely to increase the maintenance costs of the vehicle and also increase down time at the busiest period of the year.

Another benefit of early ordering and delivery is that chassis manufacture is due to move from Euro 5 to Euro 6 standard from 1 January 2014. Whilst this will bring some small improvements in emissions, it will also detract from other aspects of environmental performance such as increased fuel use and maintenance, which would also have a financial implication. Manufacturers have suggested that the move to the new chassis may add 25% to the purchase cost. Earlier ordering and delivery will potentially ensure that the new vehicle will be based on a Euro 5 chassis.

For the above reasons it is proposed that all relevant provisions of the Council's Standing Orders for Contracts and in particular clause 26.4 (the requirement for Cabinet to award a contract), are waived and that the Director of Neighbourhoods is authorised, in consultation with the Cabinet Member for Neighbourhoods and Streetscene, to accept the most economically advantageous tender for the supply of the large road sweeping vehicle. All other aspects of the procurement process will be in accordance with the Council's Standing Orders and Contract Procurement Rules.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

<b>FINANCIAL</b>	<p>The approved capital programme for 2013/14 includes a capital budget provision of £255,000 for the replacement of the vehicles. Following the conclusion of the tendering process it is expected that the purchase cost of the 3 road sweeping vehicles will be contained within this capital budget.</p> <p>The maintenance costs associated with the three replacement vehicles are already included in the revenue budget for 2013/14 and the forecast estimates for future years.</p>		
<b>LEGAL</b>	<p>The Council will be bound by the terms and conditions of any contractual documentation entered into with the suppliers of the vehicles or any leasing agreements.</p> <p>The ESPO contract documentation covers all the vehicle purchase arrangements.</p>		
<b>RISK</b>	<p>The Council services that require the vehicles detailed in this report will suffer operational ineffectiveness should these items not be purchased.</p>		
<b>THE IMPACT ON EQUALITY</b>	<p>An Equality Impact Assessment is in place for the Neighbourhood Services. There are no adverse equality impacts as a result of the proposals in this report.</p>		
<b>OTHER (see below)</b>	<p><b>Training and Development</b> Operator and maintenance training will be provided by the supplier of the vehicles.</p> <p><b>Corporate Plans and Policies</b> The clean environment is included in the corporate plan and is a priority for the Council.</p>		
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## BACKGROUND DOCUMENTS

Cabinet report February 2013 - Financial Strategy, Budget and Council Tax 2013/14