

Appendix A - Proposed Procurement Plan and Business Case for Fleet Procurement

Situational Analysis: As identified in the accompanying Cabinet paper it is imperative that the authority is in a position for the LACC to run and maintain a fleet for the 1st December 2017.

This appendix covers the age and condition of the current fleet ,justification for various procurement routes and requirements for the authority and LACC to consider for maintenance and legal responsibilities for owning / leasing the fleet accordingly.

1.1. Age and condition of current fleet fleet

The vehicle fleets can be broken down into three main categories being heavy commercial, light commercial and vans. This business case is solely focused on securing capital funds to procure the heavy commercial vehicles (Refuse Collection Vehicles), plan and grounds maintenance equipment.

Table 1.1 below provides a breakdown of the age of the existing refuse vehicles which Amey lease.

Table 1.1 – Existing Amey Heavy Commercial Vehicle status

Refuse Vehicles				
Registration Year	Number of Vehicles	Age in years in 2017	Internal lease	external lease
2008	9	9	9	
2010	9	7		9
2011	2	6		2
2012	2	5		2

The age of the current fleet will be at the end of its life cycle for each vehicle type, and little (if any) will be in a condition to carry over into the new teckal arrangement, this is further complicated by the current Amey fleet being mainly of lease type arrangements.

The grounds maintenance equipment and other plant are also aging and mainly provided under a contract hire/lease arrangement which Amey have in place, the new company would not be in a position to sub let, so therefore, there is a need to procure the required grounds maintenance and plant equipment to ensure delivery of services are in place for 1st December 2017.

1.2 Vehicle and plant maintenance

The vehicle fleet categories are maintained in different ways due to the lack of space and workshop facilities at the Chalvey Depot.

Vans and light commercial vehicles are maintained via a contract hire arrangement that includes maintenance and repairs of the vehicles, road fund licence (RFL) and tyres. Some minor repairs are carried out at Chalvey by agreement between suppliers.

Light commercial vehicles including sweepers and the gully sucker are also contract hire with maintenance.

The above two fleet categories are of light daily usage in terms of miles per day driven and engine run time. The heavy commercial vehicles include the refuse collection vehicles and hook lift vehicles used for transporting waste.

These vehicles are high usage engine run time and are procured outright with the maintenance provided separately via separate contract with the manufacturers as they are high cost front line vehicles that are complicated to maintain. This arrangement also includes replacement vehicle for vehicles being unavailable due to technical or parts availability.

Grounds maintenance equipment is generally procured and maintained using a mix of the equipment provider and additional 3rd party maintenance provider.

Other items of plant such as the grab loader and loading shovel at Chalvey are provided and maintained under a contract hire arrangement, and the winter gritting equipment leased on a seasonal basis.

1.3 Vehicle Management and licensing

The vehicle fleet management, grounds maintenance equipment and other plant is currently centrally managed by Amey, the new teckal arrangement would need to apply for an operator's licence and waste carriage licences to be able to undertake the operations.

These licences are an important undertaking along with the continual management of licensing compliance, driver certificate of professional competence (CPC), road fund licensing for owned vehicles.

SBC are required to obtain and maintain an operator's licence and will need to ensure all vehicles are managed compliantly within the rules of the license.

It is recommended that SBC employ a fleet manager who will be responsible for ensuring safe, legal and compliant fleet. It is expected the role will be at grade 8 level. The costs of this position will need to be included in the base costs for the LACC set up.

A fleet manager is professionally recognised as being the best resource method to manage the range of responsibilities required and also reduce the general public and the organisation from risks associated with vehicle fleets.

Fleet Management Duties:

- Vehicle Acquisition
- Fleet policies
- Maintenance Management to control and reduce spend and ensure vehicle availability
- Maintenance compliance and standards checks and audits
- Accident management to improve vehicle off road time
- Fleet Breakdown consistent cover across the Fleet
- Detailed and accurate reporting via a fleet management system and other fleet systems such as fuel
- Daily Rental/Spot Hire via approved supplier
- Management and maintenance of operators license
- Management and maintenance of waste transportation licenses and permits
- Driver CPC
- Driving license checks
- Vehicle maintenance planning
- Parking tickets & notice of intended prosecutions
- Procurement & specification
- Defect management
- Document storage
- Road fund license
- Insurance database
- Charging
- Recharging
- Training & performance improvement
- Impact against environment

Capital Strategy Board is asked to note the above, however a separate **revenue** growth bid is to be prepared and presented to SMT then CMT to consider a fleet manager position which sits centrally within the organisation.

1.4 Environmental Performance

SBC holds a duty of care to its residents for its contribution to air quality and as such should consider the use of alternatively powered vehicles.

The van and light commercial fleets are low miles and engine run time and would not currently attract any form of payback at this point with alternatively powered vehicles that are on the market which are currently Euro 6, however, this will likely change by the time of the next replacement cycle.

Heavy commercial vehicles with high engine run time would benefit of the use of alternative fuel power with the mainstream option coming available mid 2018. Although these vehicles would attract higher procurement costs, this would be mitigated financially over the life cycle due to lower annual fuel costs and lower maintenance costs, this would be an ongoing benefit when replacing the vehicles in later years. A capital business case and business case was compiled and prepared for the proposal to migrate to gas power for the heavy commercial vehicles.

However, it was decided that due to the uncertainty around maintenance for an entire fleet of gas powered vehicles that the authority should pursue diesel with an annual review into the status of gas vehicle. A phased migration to gas can be proposed and the business case for gas is economically viable but it is felt that it is not currently logistically viable.

The LACC will be required to ensure that 'gas migration' and onward consideration is made towards this transition and shall form part of both their Business Plan and Directors annual report to the Shareholder Committee.

Table 1.2 – Factors/measures which will deem the project as being successful

Factors/measures by which will deem the project as being successful	
Benefit	Measure
Provision of an operational diesel fleet	All vehicles required to undertake services being in place and ready for use on December 1, 2017
Key maintenance provision	A maintenance provider being in place to maintain the key refuse vehicles
Replacement plan Implemented	A replacement plan being in place
Minimum of Euro Six Standard Fleet	Euro Emissions Standards

1.5 Procurement Plan:

Framework options left open at this point due to current timeline being when suppliers are allowed to increase prices, this date will influence which framework is used to attempt to minimise cost impact.

Phase 2 will include Yard and office items. Therefore Table 1.3 below is for phase 1 and specifically orientates around vehicles – light, light commercial and heavy commercial.

Table 1.3 – Vehicle Procurement Plan for Light Van, Light Commercial and Heavy Commercial

Item	Buy/Lease	Framework	Procurement Method	Reason
RCV	Buy	CCS	Direct Award	Small number of vehicles being procured would not warrant purchase discount to cover costs of tender process. Evaluation of recent tenders

				taken into consideration using total cost of ownership process.
RCV Maintenance	Buy	CCS	Direct Award	Due to limited workshop space available at Chalvey, priority has been given to maintaining RCV' fleet on site.
Hook Lifts	Buy	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Grounds Maintenance Equipment	Buy	ESPO/YPO	Mini Competition	To obtain most advantageous price
Road Sweepers	Contract Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Gulley Sucker	Contract Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
7.5 tonne Tipper	Contract Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
3.5 tonne Van	Contract Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Light Vans	Contract Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Tyres	Call off	CCS/ESPO/YPO	Regional Call off	Call off
Glass	Call off	CCS/ESPO/YPO	Regional Call off	Call off
Cleaning Materials	Call off	CCS/ESPO/YPO	Regional Call off	Call off
Grounds Maintenance Light tools	Buy	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Tool Hire	Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price
Vehicle Hire	Hire	CCS/ESPO/YPO	Mini Competition	To obtain most advantageous price

Framework abbreviations

CCS - Crown Commercial Services

ESPO- Eastern Shires Purchasing Organisation

YPO- Yorkshire Purchasing Organisation