

Agenda Item No. 8(k)

DERBYSHIRE COUNTY COUNCIL

CABINET

11 October 2016

Report of the Strategic Director – Economy, Transport and Communities

PROCUREMENT OF MOTOR VEHICLES (HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)

- (1) **Purpose of Report** To seek Cabinet approval to undertake a procurement exercise to establish a Council framework for the supply of Council fleet motor vehicles.
- (2) **Information and Analysis** To enable efficient delivery of the Council's services, County Transport is responsible for the procurement, management, maintenance and disposal of the Council's fleet assets, consisting of motor vehicles, trailers and items of plant. The motor vehicle fleet currently consists of 483 assets allocated in part, to each Department within the Council.

In the current climate, to ensure value for money, it is essential the Council's fleet is both cost effective and fit for purpose. Based upon operational experience, fleet assets have a cost effective optimum lifecycle determined in years. In terms of motor vehicles, dependent upon vehicle types and operation, on a continuing 'fit for purpose' basis, the optimum lifecycles range from five to ten years. Replacement of fleet assets, including vehicles, is predominantly funded by the Economy, Transport and Communities Departmental Capital Programme, as identified within the Economy, Transport and Environment Departmental Service Plan. The Department currently has £6.636m of vehicle replacements to procure for the Council.

With some exceptions, historically vehicles have been purchased to the corporate vehicle colour of orange. The Council currently operates 440 vehicles of this colour. As orange is a non-standard vehicle colour, dependent upon the size of vehicle to be purchased and from which vehicle manufacturer, to paint or vinyl wrap vehicles to the orange colour costs an additional £1,000 to £2,000 per vehicle when compared to the most cost effective vehicle colour of manufacturer's standard white. Over an eight year vehicle replacement cycle, this equates to a saving of approximately £455,000. Therefore, as a reduced cost option for the Council, it is proposed that all future new fleet vehicles will be purchased as coloured white. The only

exception to this rule relates to the Highways Winter Maintenance Gritting and Emergency Response vehicles (currently consisting of a total fleet of 44 vehicles), which it is proposed will continue to be purchased as an orange colour to ensure that they can easily be identified and are highly visible.

A review of existing national procurement frameworks, including Crown Commercial Services (CCS) and Eastern Shires Purchasing Organisation (ESPO), has taken place and it was found that none were suitable to supply a solution to the Council's needs. It is therefore proposed to establish a Council framework contract as soon as possible, to ensure that the Council can effectively manage its vehicle fleet and replace its vehicles at the most cost effective advantageous time.

Subject to Cabinet approval, on a multiple supplier basis a framework for Council fleet motor vehicles will be advertised for a maximum four year term (two years with options to extend annually for up to a further two years). With an estimated total value of £14.5m, an Official Journal of the European Union (OJEU) compliant procurement process will be required to be undertaken.

Following the procurement exercise, a further report will be submitted to Cabinet to seek approval to award the framework contract to the successful organisations.

(3) **Financial Considerations** The estimated cost of a framework contract, including the contract extension taking it up to four years in total, is valued at an estimated £14.5m. The current balance of Capital available for new vehicle purchases is £7.585m. Any further capital allocation will be subject to future Cabinet approval. Extension to the contract beyond year two will be subject to capital funding being available.

(4) **Legal Considerations** The procurement will be undertaken in accordance with the Public Contract Regulations 2015.

(5) **Health Considerations** A modern, up-to-date vehicle fleet, specified to the latest Euro standard exhaust emission regulations, will reduce the Council's vehicle CO₂ and other exhaust gas emissions into the atmosphere with an effect of improving the air quality within the County.

(6) **Social Value Considerations** As part of the procurement process, Social Value will be included and assessed within the tender documentation. After the award of this contract, work will be undertaken during the lifetime of the contract with the successful suppliers when appropriate, to capture and deliver social value initiatives as detailed in the successful bids.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, property and transport considerations.

(7) **Key Decision** No.

(8) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Brian Hattersley, extension 32221.

(10) **OFFICER'S RECOMMENDATIONS** That Cabinet approves the commencement of a procurement exercise to establish a framework for the supply of Council fleet motor vehicles.

Mike Ashworth
Strategic Director – Economy, Transport and Communities