

EXECUTIVE

25th August 2022

Report Title	Provision of Council Fleet Arrangements
Report Author	George Candler, Executive Director of Place and Economy george.candler@northnorthants.gov.uk
Lead Member	Cllr Graham Lawman, Executive Member for Highways, Travel and Assets

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

None

1. Purpose of Report

- 1.1. This report summarises the work undertaken to analyse the options to secure cost-effective, medium-term fleet and associated maintenance arrangements for service vehicles assigned to the North Northamptonshire Council's Wellingborough Depot.
- 1.2. The report recommends a preferred way forward and seeks permission to utilise the Halton Housing Framework Agreement to make a direct award to North Northamptonshire-based Specialist Fleet Services (SFS) Ltd to ensure that the Council has appropriate infrastructure in place to deliver its statutory obligations regarding its cemeteries, grounds maintenance, cleansing and waste collection obligations. Access to the framework will also allow for ad-hoc fleet needs to be provided for across Council services, within the framework value.

2. Executive Summary

- 2.1 As part of the 'in-sourcing' of the Wellingborough Norse service in April 2022 a short-term fleet solution was put in place (running until end March 2023) which saw replacements for the former WNorse fleet accessed through an established framework agreement open to the Council. Longer term arrangements are now required that meet several criteria around fitness for purpose, value for money and environmental sustainability.
- 2.2 These arrangements will ideally apply across the breadth of the Council's Place Services fleet (and the accompanying fleet acquisition, management, and maintenance arrangements) rather than solely those vehicles accessed in a short-term basis to support the services formerly provided by WNorse. This aims to ensure consistency in approach moving forward.
- 2.3 The report explores a number of options – initially relating to the advantages and disadvantages of leasing or buying vehicles – prior to assessing different leasing routes that are available to the Council. A detailed SWOT analysis has been undertaken for each of the options. The preferred option (set out in 1.2 above) is proposed based on payment routes, access to preferred vehicles, flexibility over time, and overall value for money.

3. Recommendations

- 3.1 It is recommended that the Executive:
- a) Confirm the preferred procurement route of using an established framework agreement as set out paragraph 5.3 of the report
 - b) Delegate authority to procure and execute the necessary contracts to secure the required fleet and equipment to the Executive Member for Highways, Travel and Assets, in consultation with the Executive Member for Finance and the Executive Director for Place and Economy.
 - c) Note that appropriate logistical, garaging and fuelling arrangements will need to be in place to allow the new arrangements to work effectively and efficiently once secured.
- 3.2 Reason for Recommendations:
- The recommendation provides a cost-effective solution, which can be deployed to suit the timescales for existing contractual arrangements.
 - The proposed option will provide a reliable fleet service, providing quality services for North Northamptonshire residents.
 - The proposed framework route will allow flexibility to change vehicles as new technology becomes available, supporting the Council's climate change policy objectives.

3.3 Alternative Options Considered:

- A number of options were considered, including, purchase of new fleet and equipment; both short and long-term leasing. The preferred option was deemed to offer the best value for money to the Council in terms of payment routes, access to preferred vehicles, flexibility over time, and overall value for money.

4. Report Background

- 4.1 Following a decision made by the Executive on 18th November 2021 the Council ended its arrangement with Wellingborough Norse and determined that the services it provided would be bought back in-house at the end of the service agreement on 31st March 2022.
- 4.2 The Wellingborough depot undertakes a wide range of services and activities on behalf of the Council including, waste collection, street cleansing and grounds maintenance.
- 4.3 To ensure service continuity, at end of March 2022 the Council entered into a short-term leasing agreement with the Kettering / Corby shared service existing fleet provider Specialist Fleet Services (SFS) Ltd.
- 4.4 This agreement was limited to a twelve-month period giving the Council a short-term operational solution to ensure that services remained operational during and immediately after the transfer.
- 4.5 There is no provision within the current arrangements to extend the agreement.
- 4.6 The cost of this current arrangement is approximately 12 - 15% higher than the likely comparable provision of similar services.
- 4.7 As a secondary consideration, there are likely to be wider advantages in developing a more cohesive and consistent approach to fleet (and fleet management) in Place and Economy Services across the Council, assuming potential benefits relating to fitness for (evolving) purpose, value for money and environmental sustainability, which are not necessarily being optimised through the current suite of former District and Borough arrangements.

5. Issues and Choices

- 5.1 To arrive at the preferred option, two related sets of options were appraised:
- Whether the Council wished to buy or lease its fleet.
 - (Assuming a change in the current arrangements) which procurement route was best placed to deliver the Council's objectives for a fleet that meets the Council's objectives.
- 5.2 Looking across a breadth of financial, management, maintenance and vehicle access considerations, the proposed preferred option is to lease vehicles (through a long-term lease agreement) rather than purchase them. This is based

primarily on the ability to access fit for purpose vehicles within a tight timescale to align with the expiry of the current short-term contracts, fleet resilience (via top up options), flexibility to change vehicles as innovations emerge (especially around more environmentally sustainable fuel types) and reduced residual costs associated with ongoing procurement, management, and maintenance of a large, diverse and specialist fleet.

5.3 Assuming that leasing is confirmed as the better option, potential leasing routes include:

- **Option 1: Market testing lease suppliers through a bespoke procurement exercise:** plan and undertake a dedicated procurement exercise to appoint a single lease company supplier to act as the Council's fleet partner.
- **Option 2: Developing, launching, and operating a new framework agreement or Dynamic Purchasing System (DPS) for leasing suppliers:** plan and let the Council framework agreement or DPS contract through which several qualifying fleet companies can supply vehicles and associated services into the Council.
- **Option 3: Accessing suppliers through an established framework agreement:** use an already established framework agreement (which complies with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules, the Council and expectations) to access one or more fleet companies to supply vehicles and associated services into the Council.

5.4 Drawing on a detailed SWOT analysis that was undertaken, the preferred option is Option 3, to lease via an established framework agreement. This route identifies several potential advantages, including:

- The Council's fleet requirements and fleet management support should be able to be accommodated in the technical specification issued to suppliers on the framework.
- frameworks offer more discretion around addition of fleet vehicles if required than a single service provider contract route (although procurement advice for any direct procurement undertaken by the Council would recommend a multi-supplier contract, through division into lots (lots are subdivided procurement categories, in this case by vehicle manufacturer, and/or vehicle type).
- use of an established framework is less demanding (for the Council) and for already 'qualifying' providers to participate in (increasing market interest and subsequent competitive benefits). It also removes delays and can reduce procurement and management costs associated with setting up something new.
- by using a framework, the Council would not be at the behest of a single provider (as they would be through a single service provider contract (note procurement advice included at bullet point 2)). This likely offers alternative vehicle access options at short notice beyond those offered by a single provider (note procurement advice included at bullet point 2). It is also less likely that there would be contractual 'events' if changes

were needed, although this would be kept under close review, as changes may still need to be undertaken through formal contract variation, to comply with the Public Contract Regulations 2015 and the Council's own Contract Procedure Rules.

- resilience is available if needed, by spreading access to fleet and associated services across several qualifying providers available through the framework (in the event that any primary supplier is unable to respond).
- current contractual arrangements (with associated strengths and weaknesses) can likely endure until the procurement exercise has been completed subject to cost implications.
- Initial work around the identification of suitable frameworks (and providers within these frameworks has been completed as part of the short-term Wellingborough solution).

5.5 There are some potential downsides including:

- there may be some charges to access the preferred framework, although the framework would still be subject to appropriate diligence by the Council's Procurement team, to ensure its compliance and usability.
- the use of multiple providers (if that tactic was pursued) could dilute accountability and reduce delivery of an integrated solution and create the need for more contract management resource.
- any established framework focus and ambitions will already have been articulated (so there will be a need to seek an appropriate framework in terms of alignment or ability to specify requirements within any direct awards or mini-competitions).

5.6 It is recommended to use the Halton Housing framework to access a primary fleet provider. The framework is open until end December 2024 and allows for leasing arrangements to be made for a period beyond that point as long as any agreements are contractually concluded prior to that date.

5.7 At the time of the short-term agreement in March 2022, the locally based Specialist Fleet Services Ltd (SFS) were ranked highest, which means they were independently assessed as providing the most economically advantageous tender (and as such, identified as the most competitive supplier on the framework).

5.8 The Halton Housing framework agreement enables the Council to make a compliant, direct award to SFS for both long-term and/or spot or shorter flexi-hire of fleet assets. The lease costs include maintenance by SFS, tyres and other consumables and road fund licences. The vehicles would be maintained by SFS who would occupy the Council's workshop to deliver maintenance on-site.

6. Next Steps

- 6.1 Subject to approval, terms & conditions would be agreed to secure a replacement fleet via SFS as soon as available. Investigations would also be undertaken on infrastructure needs to support a transition to low emission vehicles.

7. Implications (including financial implications)

7.1 Resources, Financial and Transformation

- 7.1.1 The proposed arrangements seek to work within the allocated revenue budgets for the impacted service. They assume that leasing payments are made from operational revenue budgets. Leasing arrangements will always be funded from revenue and not capital and will follow the same accounting treatment as current waste vehicle arrangements. They also assume that integration and consistency across the fleet will help to reduce pressures on fleet budgets.
- 7.1.2 The proposed procurement route is least impactful in terms of resource demands (on both operational and procurement teams) compared to all other options.

7.2 Legal and Governance

- 7.2.1 There is a requirement to comply with Public Contract Regulation 2015 and the Council's financial and constitutional procedures regarding any of the future options.
- 7.2.2 The Public Contracts Regulations 2015 requires contracts for supplies and services of more than £189,330 to be tendered in accordance with the regulations.
- 7.2.3 The proposed use of the Halton Housing framework complies with the Council's financial and constitutional procedures.
- 7.2.4 In terms of competition and value for money, the proposed way forward has been informed by a comparative appraisal of:
- the financial and non-financial advantages/disadvantages of the status quo arrangements versus a new procurement (using one of three options)
 - buying versus leasing as routes to access fleet and related services.
- 7.2.5 The three procurement routes were further subject to an analysis considering a breadth of issues around affordability, deliverability, flexibility, contribution to Council objectives (around climate change mitigation in particular), as well as both value for money and potential risk. The summary of this is included within the report.
- 7.2.6 The preferred route involves use of an established framework agreement including providers who qualified through a standard public procurement

process, with credibility, viability, sustainability and competitive positioning implicit to the process.

7.3 Relevant Policies and Plans

- 7.3.1 The report supports delivery of the Council's Corporate Plan commitment to provide Modern Public Services, by providing a fit for purpose and cost-effective fleet provision. The proposal also supports the Council's climate change action plan, in particular a more efficient fleet.

7.4 Risk

- 7.4.1 Failure to provide appropriate fleet and associated resources for this service may contribute to risk H&W08 - Waste collection (kerbside and HWRC (Household Waste Recycling Centre) services) and street cleaning services that fail to perform statutory functions, which is recorded on the Council's corporate risk register.
- 7.4.2 Failure to complete waste collections services may result in reputational damage to the Council and has the potential to negatively contribute to the overall Public Health for residents.
- 7.4.3 Failure to procure affordable and flexible arrangements may see the Council unable to fulfil its commitments to service continuity, customer service, value for money, and climate change mitigation.

7.5 Consultation

- 7.5.1 Consultation with service users will be undertaken to ensure a vehicle specification is developed to suit service needs.

7.6 Consideration by Executive Advisory Panel

- 7.6.1 The report has not gone before an EAP but is eligible for consideration by the Executive Advisory Panel for Climate Change Environment and Growth.

7.7 Consideration by Scrutiny

- 7.7.1 This paper may be selected for consideration by Scrutiny Commission.

7.8 Equalities Impact

- 7.8.1 An Equalities Screening Assessment has been prepared, which has not identified any adverse impact on individuals with protected characteristics.

7.9 Climate Impact

- 7.9.1 A modern fit for purpose fleet will help to minimise the carbon impact generated through service operations where vehicles are central to service delivery. The proposed leasing route provides flexibility to change vehicles as innovation emerges to further improve the Council's carbon position.

7.10 Community Impact

- 7.10.1 A modern fit for purpose fleet will help to maximise benefits for customers and community-oriented service delivery through their support for an optimal and productive service. The proposed leasing route provides flexibility to change vehicles as innovation emerges to further improve the fleet fitness for purpose as delivery preferences evolve.

7.11 Crime and Disorder Impact

- 7.11.1 There are no Crime and Disorder issues arising directly from this report.

8 Background Papers

- 8.1 [Future Provision of Services Provided by WNorse - 18th November 2021](#)
- 8.2 Options SWOT for vehicle procurement route