

MEETING	CABINET URGENCY PROCEDURE - LEADER'S ACTION (Councillor Smith – Leader of the Council)
DATE AND TIME:	MONDAY, 30TH OCTOBER, 2023 AT 2.00 PM
VENUE:	OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	NICHOLAS PONTONE 01753 875120

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Item 2 was not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
2.	Procurement of Replacement of Fleet Vehicles	1 - 8	All

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SLOUGH BOROUGH COUNCIL**REPORT TO:** Cabinet - Urgency procedure - Leader's Action**DATE:** 30th October 2023**SUBJECT:** Procurement of Replacement Fleet Vehicles**CHIEF OFFICER:** Pat Hayes**CONTACT OFFICER:** Savio DeCruz**WARD(S):** All**PORTFOLIO:** Cllr Dexter Smith**KEY DECISION:** Yes**EXEMPT:** No**DECISION SUBJECT TO CALL IN:**

A call-in waiver request has been made to the chair of scrutiny. The decision is urgent and to wait for call in would be prejudicial to the Council's interests as contract needs to be awarded by end of October 2023 to ensure vehicles are available from 1 December 2023.

APPENDICES No**1 Summary and Recommendations**

- 1.1 This report sets out the approach the council will be taking on fleet vehicles for the Direct Service Organisation (DSO) to undertake grounds and highways maintenance, and street cleansing services (the Service). The recommendations detailed in this report ensure that the council obtains the very best value for money, within the financial package available, in sourcing specialist vehicles to enable the delivery of this statutory Service to the residents of Slough.
- 1.2 Since 2017 the council has been leasing a fleet of 37 vehicles, but this contract is due to terminate at the end of November 2023 for 32 vehicles and the remaining 5 in November 2024.
- 1.3 On 17th July 2023 Cabinet approved the leasing of 32 diesel powered vehicles from Dawsons for 60 months (5 years) from December 2023 at a total of £367,953 per annum, and the leasing of 4 diesel powered vehicles from Dawsons for 60 months (5 years) from December 2024 at a total of £159,152 per annum.
- 1.4 Officers have reviewed the fleet requirements for the Service and the cost implications of the 17th July decision, and for the reasons set out in this report, now recommend that the Council should proceed with a short-term contract lease with Dawsons, and officers will

bring a report to Cabinet in December 2023 to set out the longer term approach to purchasing vehicles to reduce the revenue spend for the Service. This approach will ensure continuity of the Service but still provide future cost saving options for the Council and the Service.

Recommendations:

Cabinet is recommended to:

- a) Approve entering into a new one-year vehicle contract lease with the new supplier Dawson Group Environmental Municipal Civil Limited (Dawsons);
- b) Delegate authority to the Executive Director of Regeneration, Housing & Environment, in consultation with the Executive Director of Finance and Commercial, to sign the contract with Dawsons
- c) Note that officers will bring a further report to Cabinet in December 2023 setting out longer term options for purchasing a second-hand fleet of vehicles or other mixed procurement options that fit needs as necessary and after a review of the fleet requirements to achieve further efficiencies.

Reason:

- The council currently leases all of its vehicles used for grounds and highways maintenance and street cleansing. The current leasing arrangement ends on 30 November 2023 for 32 vehicles and on 30 November 2024 for 5 vehicles.
- Local authorities have a statutory duty under the Environmental Protection Act 1990 to ensure public spaces and highways are kept clean and free from litter and refuse as far as is reasonably practicable (as detailed in the Code of Practice on Litter & Refuse Nov 2006).
- To comply with the Environmental Protection Act 1990 the council provides a service that is responsible for the following operations, which require specialist vehicles:
 - Kerbside and trade waste collection services
 - Cleaning all streets, footways and open spaces that are in public ownership
 - Grounds maintenance of all public areas
 - Removal of fly-tipping
 - Collection of dead animals both domestic and wild

Commissioner Review

The commissioners are content with the recommendations in this report.

This is a variation to a key decision made by Cabinet and as such it is recommended that a brief note is included in the subsequent report to Cabinet, explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

2 Report

2.1 Slough Borough Council has a statutory duty to collect and dispose of waste, to keep a predominantly litter free environment and to ensure that our roads are maintained to a safe standard. We are also committed to healthy lifestyles and part of this is to encourage the use of our parks and open spaces by keeping them safe and well maintained. The teams that we have in place to deliver these services rely on the provision of suitable vehicles. New provision now needs to be made for this.

2.2 The council's Corporate Plan identifies three priorities:

- **A borough for children and young people to thrive** – having clean and safe environments for children and young people to live in and to play and exercise in is a key requirement for a child's development.
- **A town where residents can live healthier, safer, more independent lives** – feeling safe in a well maintained and clean environment encourages people to live more healthier and independent lives.
- **A cleaner, healthier and more prosperous Slough.** Well kempt environments bring pride to communities and are attractive to visitors to Slough.

2.4 Options considered:

OPTION	DESCRIPTION
A	Extend current lease agreement for a further 12 months with our existing supplier – officers have secured a price for extending the current contract but this will lead to a pressure on the fleet budget. Not Recommended
B	Proceed with the 5 year leasing of the vehicles as agreed by Cabinet on 17 July 2023. It is now considered financially more viable to look at a short-term lease and explore options for purchasing second-hand vehicles and potentially reducing the size of the fleet. Not recommended
C	Proceed with a short-term Lease for all vehicles following the tender process earlier in 2023 – This route to procure vehicles provides the council with an interim fleet solution while options are considered for a purchase or mixed option and a review of the fleet requirements. The short-term lease would be for a period of 12 months. Recommended option

Background

2.5 In April 2023 Cabinet approval was given to go out to the market to procure bespoke vehicles for use by the DSO. The tender specification asked for prices to:

- Lease all vehicles Diesel
- Lease all vehicles Electric
- Purchase all vehicles Diesel

- Purchase all vehicles Electric
- Purchase and lease vehicles
(with options for the supply of both diesel and electric vehicles in any combination).

2.6 The council only received one completed tender for the supply of all vehicles through a 5-year leasing option for diesel vehicles, which was inclusive of full maintenance costs, road tax and replacement vehicles.

2.7 It is now considered financially more viable to look at a short-term lease and explore options for purchasing second-hand vehicles and potentially reducing the size of the fleet with other mixed procurement options as necessary to stay within budget.

3. Financial implications

3.1 The DSO currently has a revenue budget of £365k to cover the leasing costs of 37 vehicles in 2023/24.

3.2 The total cost of funding the 37 vehicles is £440k based on the 12 month extension. This leaves a maximum pressure of c £74.9k for a full year on the contractual basis. For 2023/24 this is actually favourable to budget. The cost shown in the table below are a maximum cost and the service will need to dynamically manage the fleet against need to stay within existing budgets as part of their active budget management. The table immediately below gives a summary of the pressure effects of the extended lease both annualised and by the two years involved.

Summary Budgets and Costs New 12 Month Lease - all figures in £'s			
	2023/24 (8 Monts old+ 4 months new)	2024/25 (8 Months New)	Contract basis 12 months
Old Leases 37 and then 5 only	220,667	66,667	100,000
New Lease for 32 vehicles	113,479	226,957	340,436
Total Leasing Charges	334,146	293,624	440,436
Budget	365,500	243,667	365,500
Total Maximum Variance* to budget Adverse / (Favourable)	(31,354)	49,957	74,936
*Assuming all vehicles taken for full 12 months of contract. The annualised basis shows the maximum pressure from the decision, however, in practice the lease and uptake of vehicles will be managed on the need to balance budgets in year while meeting planned service levels. The increase in lease costs from the old contract, reflects increased costs in the leasing sector since last tendered.			

3.3 The 2023/24 column in the table above, is a part year showing the new contract only and the remaining budget will be needed to fund what happens after the 12 month lease, including changing revenue budgets to maintenance costs if purchasing vehicles. The table below gives the vehicles in the current fleet and if replicated in the lease in full and for the full 12 months.

Detailed revenue costs of New Lease by Vehicle Type

Vehicle type	7.5t (3)	3.5t (20)	Car derived van (7)	4x4 (2)	Gulley Tanker (1)	Road Sweeper (2)	7.5t Arb vehicle (1)	Highway 7.5 t Tipper (1)
Total Monthly cost	4,500	16,737	4479	2275	906	4204	862	2357
Total Annual	54,000	205,440	53,748	27,300	10,872	50,448	10,344	28,284
Total Revenue	440,436							

3.6 The preferred option of purchasing vehicles will see the revenue lease costs reduce over the 12 month period. This will be presented in detail in the December decision report and which will also consider the future government strategies on recycling but will also need to consider any potential capital costs associated with any decision at that point.

4. Legal implications

4.1 The Council has statutory duties, including under The Environmental Protection Act 1990, in relation to waste collection and street cleansing. Where these services are delivered in-house, the Council needs to procure vehicles to deliver these services. The Council must comply with the Public Contracts Regulations 2015 (PCR) and its own Contract Procedure Rules in relation to the procurement of vehicles, whether such purchase is outright or via a leasing arrangement.

4.2 The Council only received one bid from Dawsons in response to the tender exercise pursuant to the July Cabinet decision. Whilst negotiations have been ongoing with the Dawsons for a 5-year lease agreement for the required vehicles, no contract has been formally entered into to date and negotiations are ongoing. Dawsons has confirmed that the Council has not to date incurred any contractual or financial liabilities.

4.3 As no other suitable tenders were received in response to the tender exercise, regulation 32 (2) (a) of the PCR permits the Council to negotiate directly with Dawsons to agree the shorter term leasing arrangement.

4.4 As the proposal to enter into the short-term leasing contract with Dawsons is different from the July 2023 cabinet decision, a further Cabinet decision is required to approve this.

4.5 Under Article 2.13 of Part 4.4 Executive Procedure Rules (Urgency procedure – Leader’s Action) where a matter is reserved to Cabinet, but an urgent decision is required and needs to be taken in circumstances where to wait until the next scheduled meeting of the Executive would be prejudicial to the best interests of the Council, then the Leader (or in his/her absence, the Deputy Leader) may, after consultation with the relevant Lead Member, take the decision.

Before taking a Key Decision, the Leader (or Deputy Leader) must first consider whether the importance of the matter warrants the calling of a special meeting of the Executive. The decision must be taken in a way that fully complies with the Access to Information Rules and in particular, if relevant, with the rules relating to “key decisions”.

A copy of the minutes of the decision must be published within two clear working days of the decision and published on the Council’s website with electronic notification given. Where a decision is deemed to be urgent, and where the Access to Information Procedure Rules has been followed, that decision will not be subject to the call-in procedure provided the Chair of Overview and Scrutiny Committee agrees.

5. Risk management implications

5.1 The following key risks have been assessed.

Risk	Assessment of risk	Mitigation	Residual Risk
Loss of continuity of service if vehicles cannot be replaced within given timescales	Medium Vehicles could be hired but specialist vehicles tend to be built to order and are not available to hire	Explore hiring options or extend current contract	Medium
The current preferred supplier for leased vehicles withdraws current offer in whole or part.	Medium Unlikely in current financial climate	Negotiate with incumbent provider for continued service	Low
Costs exceed estimated financial envelope	High Current market is volatile and demand significantly exceeds supply leading to long lead in times. Specialist vehicles are manufactured to order Prices may increase from those offered in July 2023	Look at purchasing second hand vehicles to bring costs down and to access supply Ongoing engagement with preferred supplier and wider market to consider options including outright purchase and use of second-hand vehicles, as well as options to reduce the fleet size	Medium

6. Environmental implications

6.1 All new diesel-powered vehicles will have a Euro 6 diesel engine, which meets the ultra-low emissions standard to drive to London and other ULEZ areas.

7. Equality implications

7.1 There are no direct equality impact implications arising from this report.

8. Procurement implications

8.1 Cabinet agreed in April 2023 to go out to the competitive market to procure essential vehicles for DSO service delivery using national frameworks. Only one completed bid was submitted relating to a 5-year lease period for all required vehicles.

8.2 The council's intention to formally award the contract to the preferred supplier, recommended by Cabinet in July 2023 has been revised and a short-term arrangement is being proposed by the supplier to support the council to continue providing services on a short term basis, whilst more work is undertaken on considering longer term options

9. Workforce implications

9.1 There are no workforce implications relating to this report.

10. Property implications

10.1 There are no direct property implications relating to this report.

11. Background Papers

None

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