

Report of Chief Officer Property & Contracts

Report to Director of Resources and Housing

Date: 15 June 2018

Subject: Leeds Building Services additional vehicles and equipment

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Leeds Building Services (LBS) is the internal service provider for building services and currently has 279 vehicles as part of its overall fleet. All of these vehicles are required for employees of the Council to undertake their duties, however, LBS are undertaking an additional £9.75m of work during 2018/19 and extra vehicles and operational equipment are required to support the delivery of this ongoing work.
2. A decision was therefore made to investigate the cost and process for the rationalisation and replacement of vehicles both current and additional. Fleet Services have begun consulting with the department on the vehicle fleet needed to deliver their service and an additional 66 vehicles have been identified for LBS, with 44 of these being electric small or car derived vans and 22 traditional transit vans.
3. Council fleet purchasing policy is to acquire alternative fuelled vehicles as the default where they are suitable for operations. This is to ensure the Council can be compliant with the constraints of the Clean Air Zone due to come into force in 2019.

Recommendations

4. The Director of Resources and Housing is requested to :-
5. Authorise prudential borrowing to the sum of £1,253,797 to inject capital for the purchase of 66 vehicles and operational equipment required to support the

recruitment of an expanding workforce and the delivery of additional works undertaken by Leeds Building Services.

Purpose of this report

- 1.1 To inform the Director of Resources and Housing why it is appropriate to acquire additional vehicles and operational equipment in order that LBS can deliver the additional and ongoing works within the service.
- 1.2 To seek approval:
 - To authorise the purchase of 44 electric vehicles and 22 transit vans required by the services, to the value of £1,110,000.
 - To authorise the purchase of operational equipment required by the service to the value of £153,797.

1 Background information

- 1.1 LBS is the internal service provider (ISP) for building services. LBS subcontracts work to contractors if the work is specialist or there isn't capacity within LBS to do the work. LBS maintains and repairs civic buildings and approximately 19,000 of the Council's houses and flats. The remainder of the Council's housing properties are repaired and maintained by subcontractors.
- 1.2 The long-term strategy is for LBS to gradually undertake more of the work currently carried out by sub-contractors and grow its business incrementally. This will lessen dependence on the use of non-specialist subcontractors. In order to realise the business plan, LBS must expand its workforce and provide it with the tools to do the job. Vehicles comprise an essential part of service delivery.

2 Main issues

- 2.1.1 Leeds City Council have identified a Framework (TPPL) that can provide the full range of vehicles that make up the Council's white fleet. A full tender evaluation exercise has been completed to assess the suitability of this Framework to ensure it offers Value for Money.
- 2.2 The costs quoted in this report for the vehicles are from suppliers on the TPPL Framework.
- 2.3 There are currently 106 electric vehicle charging points located at strategic sites across the authority and also a home charging process for electric vehicles (this figure includes home charging units, a scheme LBS already uses to ensure its fleet of EVs can be deployed). LBS are working with the Sustainable Energy and Air Quality team to ensure infrastructure is in place to future proof the logistical operations of the EV fleet.
- 2.4 The breakdown of the additional vehicles and equipment required is shown in the tables below:

Vehicle Type	No. of vehicles	Price of vehicle	Total Cost (£)
Transit	20	£16,500	£330,000

Flat Back Transit Vans	2	£22,000	£44,000
Small Electric Vans	44	£16,500	£726,000
		Total:	£1,100,000

Plant & Tools	Mobile telephones/PDA	Laptops	Total
£80,700	£42,236	£30,861	£153,797

2.5 The combined total capital expenditure for purchase of the fleet and equipment is £1,253,797

2.6 There are revenue considerations to take into account which are explored in Section 3.4 of this report.

3 Corporate Considerations

3.1 Consultation and Engagement

3.1.1 Fleet Services have been consulted on the specifications of all the vehicles being purchased. The new vehicles will meet the specification required by the service to operate.

3.1.2 Fleet Services have worked with the Sustainable Energy and Air Quality team to ensure that vehicles being purchased support the strategic work to reduce emissions from our fleets and make a contribution to improving public health through improving Air Quality. Fleet Services are consulting with senior managers to ensure that vehicles purchased will also be compliant with government legislation to enforce a Clean Air Zone in Leeds.

3.2 Equality and Diversity / Cohesion and Integration

3.2.1 An Equality, Diversity, Cohesion and Integration screening for the proposed capital scheme has been carried out and this concludes that a full Equality Impact Assessment (EIA) is not required.

3.3 Council policies and City Priorities

3.3.1 The vehicles and equipment will be procured in accordance with the CPRs. The TPPL Framework is OJEU compliant.

3.3.2 The report highlights the contribution to the following Council Business Plan priorities:

- Developing Leeds as a Low Carbon city

- A carbon reduction target of 40% by 2020
- Improving the city's Air Quality through reductions in harmful pollution from diesel engines
- Spending Money Wisely – Achieving VFM in respect of its fleet replacement programme
- Ensuring that Leeds City Council's Fleet will be compliant with the introduction of a Clean Air Zone by 2020 in line with Government Legislation.

3.4 Resources and value for money

3.4.1 The expenditure for these acquisitions are funded through the existing capital programme and the Director of Resources and Housing has delegated authority to approve this spend.

3.4.2 Capital Funding and Cashflow

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
ADDITIONAL VEHICLES	1100.0		1100.0				
ADDITIONAL EQUIPMENT	153.8		153.8				
TOTALS	1253.8	0.0	1253.8	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2018 £000's	FORECAST				
			2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022 on £000's
LCC Departmental Borrowing	1253.8		1253.8				
Other funding	0.0		0.0				
Total Funding	1253.8	0.0	1253.8	0.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

3.5 The financing costs in respect of this project are identified in Appendix 1 and relate to the anticipated costs of the supported borrowing. However it should be noted that these financing costs in year 1 may be pro-rata due to lead in times for the delivery of vehicles. In addition to the financing costs, additional revenue expenditure for the maintenance costs per vehicle of £1537 for diesel/petrol/CNG and £1022 for electric vehicles are required.

3.5.1 The LBS base budget 2018/19 provides in full for the financing costs of these vehicles / equipment and the ongoing maintenance and running costs of the vehicles and in addition to other revenue items such as clothing.

3.5.2 Legal Implications, Access to Information and Call In

3.5.3 Upon final evaluation of the tenders, the delegated decision to purchase the vehicles by accepting tenders will be an administrative decision.

3.6 Risk Management

- 3.6.1 The tendering risks have been carried out via the usual contracting process by the Corporate Procurement Unit. The contract risks will be monitored once the contract is up and running.
- 3.6.2 If vehicles are not in in-situ in time for operatives being recruited there will be a requirement to use short-term hire arrangements. The cost of any short term hire can be funded from a rescheduling of the financing costs of the vehicles reflective of when they come into service.

4 Conclusions

- 4.1 A procurement exercise has been completed to satisfy the Council that the TPPL Framework offers a VFM route to market for the acquisition of Fleet vehicles.

5 Recommendations

- 5.1 The Director of Resources and Housing is requested to :-
- 5.2 Authorise expenditure of £1,253,797 for the purchase of 66 vehicles and operational equipment required to support the delivery of additional works within Leeds Building Services

