

Report of the Director of Neighbourhood Services

Refuse Vehicle Procurement

Summary

1. This report provides members with details of the procurement for the replacement of 6 new refuse collection vehicles (RCVs) and 1 additional cage collection vehicle. The report asks members to approve the outcome of the evaluation process and that a purchase order is made so the vehicles can be ordered.

Background

2. Under the vehicle maintenance and procurement contract between the City of York Council and the Army Base Repair Organisation (ABRO), now the Defence Support Group (DSG), all vehicles supplied were to be funded by a lease agreement between the Ministry of Defence (MoD) and the Bank of Scotland. By way of a protection for the authority, a three way 'step in' agreement was reached allowing the council to step into the leases in the event of the demise of the maintenance and procurement contract.
3. On 5th March 08, the Bank of Scotland announced that following a comprehensive strategic review of their Public Sector Leasing business, they had taken the decision to exit the public sector operating lease market as of 30th May 2008. For existing contracts, no further business would be signed after 30th December 2008, but their Asset Management Department would continue to manage all assets under existing agreements through to expiry.
4. The only option available to DSG was to source funds from an alternative bank and incur legal costs in preparing and exercising a further 'step in' clause for the authority. As previously reported to the Executive, during this period the MoD also announced that the Minister had directed it to withdraw from all non defence contracts. With this in mind, it was agreed to continue procuring vehicles through the contract, up to 31st December 08, but not to incur further costs of entering into an agreement with an alternative bank.
5. In the short term, the authority can fund vehicles through its own lease framework contract and, after seeking advice from Procurement, use the Braintree Framework for the supply of refuse collection vehicles. Using this route, in the short term, removed the need for the authority to go through the OJEU procurement process, as this framework had already been exposed to the European market. This arrangement can continue until such time as it is clear as to the best option for the fleet operations can be identified.

Vehicles Required

6. 6 RCVs are required to replace 6 vehicles currently in service.
7. As well as the 6 replacement RCVs, a vehicle for the collection of refuse and recycling from rural and remote properties is also required. This vehicle is to replace one of a different type, whose lease has expired, and budget exists to meet the lease and maintenance costs.

Leasing Costs and Expiry

8. The current annual cost for leasing the 6 vehicles to be replaced is £136,921. These leases are due to expire on 3 May 2009. Should the new vehicles not be delivered before this date, then additional lease costs of £30K will be incurred to extend the leases for a further 3 months. Additional costs would also be incurred by way of the return conditions contained in the leases where each vehicle must have a valid road fund licence (road tax) and MOT certificate.
9. The lease for the vehicle that the new cage vehicle is replacing has already expired and the vehicle returned. Due to a different type of vehicle being required, and following extensive trials and demonstrations, we are hiring a cage vehicle in until the new vehicle is available at a cost of £363 per week.

Procurement Process

10. As detailed in paras 2 to 5, the procurement process has been managed by the council and not by DSG. On the advice of the council's procurement team, tenders were sought from 6 suppliers through the Braintree Framework Agreement. As stated in para 5, use of this framework agreement negated any need to go through a separate OJEU process as the framework has already been subjected to that process.
11. Whilst on the face of it RCVs may appear to be very similar in their design and function, there are considerations to be made when evaluating options. The cheapest quote may not provide the right vehicle for the needs of the service, bearing in mind maintenance costs, payloads and efficiency. Therefore, on the advice of the council's procurement team, and with their approval, the tenders were evaluated using the Most Economically Advantageous Tender (MEAT) analysis.
12. Tenders were received to the council on 27 February 2009 and were opened in the presence of the Executive Member for Neighbourhood Services on the same day as they were received.
13. The tenders were evaluated using two processes. The first were scored using a matrix recommended by the council's procurement team. The second process involved evaluating the tenders against the criteria and specifications stated in the submissions.

Tender Evaluation Outcome

14. For the 6 replacement RCVs, Terberg score the highest using both processes as described in para 9.
15. For the new cage vehicle, LinkTip score the highest using both processes as described in para 9.
16. The outcome of the evaluation processes indicates that these two types of vehicle would be 'fit for purpose' and provide the most economic advantage to the council.

Implications

Financial – Financial implications are contained in the body of the report.

Human Resources (HR) – no implications

Equalities – no implications

Legal – The council's procurement team has been involved in the procurement process and legal advice taken on the correct route for the decision to be made.

Crime and Disorder - no implications.

Information Technology (IT) - no implications.

Property - no implications.

Other - no implications.

Risk

17. If we do not procure the vehicle detailed in this report, then we will incur additional lease and hire costs, the value of which is higher than the primary lease costs detailed in the report.

Recommendations

18. Members are asked to:
 - i. Note the procurement process outlined in the report and approve the outcome of the evaluation process.
 - ii. Give approval for a purchase order to be made so the successful tenderers can be notified and orders placed.

Contact Details

Author:

Geoff Derham
Head of Waste Services
Neighbourhood Services
Tel No.3111

Chief Officer Responsible for the report:

Adam Wilkinson
Director of Neighbourhood Services

Report Approved

Date 26 March 2009

Specialist Implications Officer(s):

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

None.