

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET MEMBER DECISION</p> <p align="center">FEBRUARY 2015</p>
<p align="center">LEASE OF VEHICLES FOR NEIGHBOURHOOD WARDEN SERVICE</p>	
<p>Report of the Deputy Leader</p>	
<p>Open Report</p>	
<p>Classification: For Decision Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Lyn Carpenter</p>	
<p>Report Author: Claire Rai, Head of Community Safety</p>	<p>Contact Details: Tel:0207 753 3154 E-mail: Claire.rai@lbhf.gov.uk</p>

AUTHORISED BY:

The Cabinet Member has signed this report.

DATE: 2 February 2015

1. EXECUTIVE SUMMARY

- 1.1. The Neighbourhood Wardens currently lease two Land Rover Discoveries that are over six years old and need replacing, and a Vauxhall Zafira that is one year old that does not need replacing. The Land Rovers carry mobile CCTV equipment which is used by the wardens and the police to gather evidence of crime and ASB.
- 1.2. An OJEU compliant mini competition exercise was operated by Sector Treasury Services Limited to obtain separate market quotes. Sector are a market leader of independent treasury management, capital finance, leasing advisory, social housing and consultancy services to UK public service organisations. (See appendix 1)

- 1.3. Quotes were provided for four different models. The cheapest model overall was the Vauxhall Vivaro, followed closely by the Ford Transit. The Ford Transit is considered to be a more reliable vehicle so is expected to enable increased continuity of service.

2. RECOMMENDATIONS

- 2.1. That approval be given to award the lease agreement to Automotive for two Ford Transit vehicles for the Neighbourhood Warden Service at a total cost of £26,980 for a five year hire agreement. The award will be under the terms of the framework agreement let by Sector Treasury Services. The Zafira will continue to be leased under its current contract.

3. REASONS FOR DECISION

- 3.1. Automotive returned the cheapest price for the Ford Transit vehicle following an OJEU compliant mini competition exercise operated by Sector Treasury Services Limited. The Ford Transit is the preferred option based on cost and quality.

4. INTRODUCTION AND BACKGROUND

- 4.1. Two of the current Neighbourhood Warden vehicles are six years old and due for replacement. They are currently on a month to month rolling contract.

5. PROPOSAL AND ISSUES

- 5.1. The Neighbourhood Warden Service operates across the Borough and the Land Rovers are currently used to transport the wardens between estates and street properties, as well as providing a mobile CCTV facility. The current vehicles are old, in constant use and nearing the end of their operational life.
- 5.2. The replacement vehicles need to be large enough to carry up to two wardens and, occasionally, two police officers, as well as providing space to operate and view the CCTV monitor. They also act as a mobile office for Wardens to communicate with residents.
- 5.3. Corporate fleet transport advice is that a five year lease term gives the best value for money when taking into account discounts for the length of contract balanced with the vehicle lifespan.
- 5.4. Servicing and maintenance will be covered within the lease.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. The Neighbourhood Warden Service is sovereign to LBHF and service delivery is dependent on a functioning fleet.
- 6.2. It is current fleet policy to procure vehicles from the framework lease agreement operated by Sector Treasury services because it is cost effective. Sector Group are a framework supplier that LBHF currently use for existing vehicles with a high degree of confidence.
- 6.3. An LBHF corporate process has been undertaken to re-procure all Council fleet vehicles that are out of contract; the recommendation from this process is that procuring vehicles through an OJEU compliant framework on a needs basis with the cheapest available lease company for the subject vehicles is more economically advantageous than undertaking a separate tendering process for the entire fleet. It has also been established that the most cost effective means of procuring vehicles is by securing long term lease agreements through the framework agreement.
- 6.4. By accessing Sector Treasury Services Ltd framework agreement the Council did not have to undertake the selection process to shortlist the companies, nor the mini competition, as this was completed by Sector Treasury Services. Administration costs were therefore reduced.
- 6.5. Quotes were provided for four different models. Table 1 shows the cheapest provider for each model. Further detail on the costs of each vehicle for each provider can be found in Appendix 2. Automotive offered the best price for the Ford Transit vehicle. Although Kier FPS offered the cheapest price overall for the Vauxhall Vivaro, the Ford Transit is considered to be a reliable brand and will enable continuity of service. It is expected that replacing parts and carrying out repairs will be cheaper for a Ford Transit. Automotive can provide two Ford Transit vehicles for a total cost of £26,980 for five years. This is only £380 higher than the Vauxhall option over the five year period.

	Cheapest Provider	Annual cost per vehicle	Total cost of contract (2 vehicles for 5 years)	Difference to Current (5 year equivalent)	Difference to Preferred Option
Ford Transit Custom	Automotive	£2,698	£26,980	-£42,020	-
Volkswagen Transporter Kombi	Kier FPS	£3,194	£31,940	-£37,060	+£4,960
Vauxhall Vivaro	Kier FPS	£2,660	£26,600	-£42,400	-£380
Landrover Discovery	Lex	£5,790	£57,900	-£11,100	+£30,920

- 6.6. The Neighbourhood Wardens are currently leasing two Land Rovers on a rolling contract at a total cost of £13.8k per annum (£6.9k per vehicle). The

lease of two Ford Transits from Automotive will cost £5.4k per annum (£2.7k per vehicle), or £27k over the five year period. Therefore the Ford Transits deliver an annual saving of £8.4k per annum (£42k over the life of the 5 year agreement).

- 6.7. To continue to use the current model of vehicle, the Landrover Discovery, Lex Contract Hire offers the cheapest rate for two vehicles at a total cost of £11.6k per annum (£5.8k per vehicle), or £58k over the five-year period. This is £31k more (£6.2k per annum) than leasing the Ford Transit from Automotive.

7. CONSULTATION

- 7.1. The Neighbourhood Warden Manager and the LBHF Fleet Manager have been consulted.

8. EQUALITY IMPLICATIONS

- 8.1. Not applicable

9. LEGAL IMPLICATIONS

- 9.1. It is noted that it is proposed to procure the required vehicles through a framework agreement which is accessible to the Council. This is in accordance with the Council's contract standing orders.
- 9.2. Implications verified/completed by: Babul Mukherjee, Solicitor (contracts)
0207 361 3410

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The proposed lease arrangements set out in this report will deliver savings of £8.4k per annum (£42k over the life of the agreement) compared to the current leasing arrangements. The Neighbourhood Warden service is budgeted for in the HRA. ELRS makes an annual general fund contribution of £144.2k to the Neighbourhood Warden HRA budget. The saving from the reduced vehicle costs will enable the general fund contribution to reduce by £8.4k per annum with no adverse impact on the HRA. Given the marginal difference between the lease costs of the cheapest 2 vehicle models (Ford Transit and Vauxhall Vivaro), the recommendation to award the lease agreement to Automotive for two Ford Transit vehicles is supported from a financial perspective.
- 10.2. Implications completed by: Kellie Gooch, Head of Finance ELRS, Tel: 0208 753 2203.

11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 11.1. EU Procurement rules do not apply as the contract value is below the EU threshold but by using an OJEU compliant framework it will comply with the transparency requirements.
- 11.2. The outcome of accessing the framework agreement after a mini competition exercise has been undertaken will result in a reduction in cost. This is in line with the Council's procurement strategy.
- 11.3. For these reasons the Director supports the recommendations contained in the report.
- 11.4. Implications completed by: Joanna Angelides, Procurement Consultant. Tel. No. 0208 753 2586.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1	Framework Agreement for vehicle provision with Sector Group (published)	Martin Barnard 2263	ELRS

Appendix 1



Published OJEU
Contract Notice .pdf

Appendix 2

Comparison of vehicle lease costs

Make & Model	Lease Period	Alphabet	Automotive	Days	Lex	Kier FPS
Ford Transit Custom double cab	5 Years	£3,284.94	£2,697.79	£2,918.52	£2,785.92	£2,875.60
V/W Transport double cab	5 Years	£3,873.84	£3,197.20	£3,704.16	£3,265.92	£3,193.67
Vauxhall Vivaro double cab	5 Years	DTQ*	£2,854.65	£3,140.40	£2,784.12	£2,659.93
Land Rover Discovery	5 Years	£5,884.28	£5,852.22	£5,913.00	£5,790.24	DTQ*

Appendix 3

Images of each vehicle option



Appendix 3 Images
Vans.docx