AGENDA ITEM NO 12
REPORT NO 835/11

ANGUS COUNCIL – 15 DECEMBER 2011

HOMOLOGATION OF DECISION TO CHANGE FLEET LEASING ARRANGEMENTS FOR
SOCIAL WORK & HEALTH VEHICLES

JOINT REPORT BY DIRECTOR OF NEIGHBOURHOOD SERVICES
AND
DIRECTOR OF SOCIAL WORK AND HEALTH

ABSTRACT: This report seeks homologation of the decision to authorise the procurement of additional fleet leasing arrangements in Social Work & Health to accommodate improved winter working.

1. RECOMMENDATION(S)

1.1 The Council is recommended to:-

(i) homologate the decision of the Director of Neighbourhood Services, made in consultation with the Convener of the Neighbourhood Services Committee, to authorise the procurement (by lease) of 10, 4x4 Suzuki vehicles in order to enable Social Work & Health to deliver social care services in Angus during severe weather conditions; and

(ii) note that procurement was undertaken utilising the existing vehicle leasing contract as approved in Report No. 377/11.

2. BACKGROUND

2.1 Social Work & Health provide a wide range of essential social care services to a large number of vulnerable people across Angus. At present, Social Care teams operate from 8 bases and have access to 65 Renault Clio cars which are utilised to deliver a variety of personal care services.

2.2 Due to the severe weather conditions last winter, Social Work & Health staff experienced some significant operational and travel difficulties in reaching service users’ homes to provide essential personal care services. In particular, the Clios were unable to access parts of Angus because of the weather and the difficult driving conditions.

2.3 In order to meet the needs of vulnerable service users in Angus, a small number of 4x4 vehicles were sourced on an ad hoc basis during last winter. The hire of these vehicles was dependant upon daily weather forecasts. The vehicles utilised included the use of ranger service vehicles, the coastguard, mountain rescue, civil defence and private volunteers from the 4x4 Club.

2.4 Whilst the response from a wide range of agencies and individuals was extremely helpful, these arrangements cannot be relied upon to provide essential services and, therefore, cannot be considered a sustainable methodology to deliver this crucial service going forward.

3. OPTION APPRAISAL

3.1 In order to place Angus Council in a position whereby our ability to provide services was not detrimentally impacted by severe weather conditions, a review of the processes in place was undertaken. In particular, there was a focus on transportation of services to service users and staff safety. The review considered the impact on
service of varying the method of transport in delivering the services combined with the related financial implications. A number of options were fully considered. These are outlined below:-

Option a) the use of winter tyres on existing vehicles;
Option b) the short term hire of 4x4 vehicles from mainstream suppliers;
Option c) the short term hire of 4x4 vehicles from other agencies;
Option d) the long term lease of 4x4 vehicles (replacing existing Clios).

3.2 Outcome of Review

A summary of the results of the review are outlined below:-

Option a) - under the existing process the use of winter tyres has been prioritised where appropriate. Nonetheless, it is recognised that for some services in certain conditions, winter tyres alone would not provide a sufficient response.

Option b) - the appraisal determined that short-term hire would be required to be arranged in advance and vehicles hired for a twelve week period, regardless of use. Short-term hire from mainstream suppliers would not offer value for money. It is estimated that the lease of 10, 4x4 vehicles for a period of 12 weeks would cost £16,200 for each financial year. Notably for this 12 week period, the existing number of Clios would face a degree of operational redundancy despite incurring leasing costs. In addition, there is the risk of additional costs should severe weather occur prior to or post the prescribed contract period.

Option c) - the review considered that this methodology was not sustainable over the long term. Despite enjoying a good working relationship with all the partner agencies, the arrangement assumes that there would be no changes to these organisations method of delivering their services and the availability of these vehicles would be on demand.

Option d) - the review determined that readily available 4x4 vehicles were required in order to ensure a more resilient service in the face of severe weather. Therefore, the long-term lease of 4x4 vehicles represented the most appropriate methodology for delivering the service provision.

In summary, option d) offered the most robust option for delivering social care in severe weather conditions.

4. AUTHORITY TO PROCURE

4.1 Sourcing Strategy

As set out above, the Director of Social Work & Health considers that the provision of these leased vehicles is essential to meet the requirements for the delivery of social care services in adverse winter weather.

Neighbourhood Services Committee at its meeting on 26 May 2011 approved Report No. 377/11 extending the current vehicle leasing agreement to 31 March 2012. It is noted that the procurement of these 4x4 vehicles would utilise this extension to enable the timely delivery of these vehicles.

Social Work & Health have assessed the options included within the existing leasing contract as part of the option appraisal, including the financial implications. The review determined that the long-term leasing arrangement best offered Value for Money.

4.2 Key Terms Proposed
The leasing arrangement contains the following core elements:-

a) the lease would be for 10 Suzuki SX4 (4x4) vehicles. These would replace 10 existing Renault Clios currently in service;

b) 17 months remain on the existing Clios. An early return of these Clios attracts a £750 penalty charge for each vehicle;

b) the lease would be for three years, commencing on 12/12/11;

c) the whole life costs are outlined in the table below:-

<table>
<thead>
<tr>
<th>Description</th>
<th>2011/12 (£)</th>
<th>2012/13 (£)</th>
<th>2013/14 (£)</th>
<th>2014/15 (£)</th>
<th>Whole Life Costs (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual lease cost – (10) Suzuki 4x4 Vehicles</td>
<td>12,273</td>
<td>36,820</td>
<td>36,820</td>
<td>24,547</td>
<td>110,460</td>
</tr>
<tr>
<td>Early Return Penalties - (10) Renault Clios</td>
<td>7,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7,500</td>
</tr>
<tr>
<td>Lease Cost Savings* - (10) Renault Clios</td>
<td>(7,420)</td>
<td>(22,260)</td>
<td>(22,260)</td>
<td>(14,840)</td>
<td>(66,780)</td>
</tr>
<tr>
<td>Cost</td>
<td>12,353</td>
<td>14,560</td>
<td>14,560</td>
<td>9,707</td>
<td>51,180</td>
</tr>
</tbody>
</table>

* For indicative analysis, the table assumes that leases would be renewed at existing rates in perpetuity.

The impact on the locally-based supply chain of going to tender for this requirement has also been considered and is considered to be minimal.

The procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4.

4.3 Procurement Procedure, Evaluation and Award

The lease contract was made under the existing car leasing arrangement referred to above. The vehicles selected were those considered to best meet the Social Work & Health requirement.

The Director of Neighbourhood Services considers that the proposed procurement process is suitable and likely to produce best value for the Council.

5. AWARD OF CONTRACT

5.1 As a result of the need to put in place a lease arrangement that would expedite the delivery of vehicles prior to the winter months and the associated risk of severe weather, the Director of Neighbourhood Services, in consultation with the Convener of the Neighbourhood Services Committee, made the decision to procure (by lease) 10 4x4 Suzuki vehicles and seek that this decision be homologated by Angus Council.

6. RISKS

6.1 The risks associated with this report are not considered to be significant.

7. FINANCIAL IMPLICATIONS

7.1 The additional costs can be summarised as follows:-

<table>
<thead>
<tr>
<th>Year</th>
<th>(£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>12,353</td>
</tr>
<tr>
<td>2012/13</td>
<td>14,560</td>
</tr>
<tr>
<td>2013/14</td>
<td>14,560</td>
</tr>
</tbody>
</table>
7.2 The increased cost of the service provision as a result of additional lease costs will be fully funded from the Social Work and Health revenue budget.

8. **HUMAN RIGHTS IMPLICATIONS**

8.1 There are no human rights implications associated with this report.

9. **EQUALITIES IMPLICATIONS**

9.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required as the report is considered to be exempt from this requirement.

10. **ANGUS COMMUNITY PLAN AND SINGLE OUTCOME AGREEMENT**

10.1 This report contributes to the following local outcomes within the Angus single outcome agreement:

- Make services more accessible to customers;
- Ensure that Social Work & Health services are designed to meet the future needs of the community.

11. **CONSULTATION**

11.1 The Chief Executive, the Director of Corporate Services, the Head of Finance and the Head of Law and Administration have been consulted in the preparation of this report.

12. **CONCLUSION**

12.1 The change in the vehicle compliment of the Social Work & Health fleet will enable a more resilient service to be available through the winter months to vulnerable clients.

**NOTE:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing this report.

**RA/RP**