

Report to:	EXECUTIVE
Relevant Officer:	John Blackledge, Director of Community and Environmental Services
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	7 th March 2016

VEHICLE REPLACEMENT FOR STREET CLEANSING AND ILLUMINATIONS

1.0 Purpose of the report:

- 1.1 To consider the replacement purchase of six new compact mechanical sweeping vehicles in order to support the delivery of the Street Cleansing service and three new cherry pickers to support the delivery of the Illuminations Service.

2.0 Recommendation(s):

- 2.1 To approve the replacement purchase of six new compact mechanical sweeping vehicles for the Street Cleansing Services funded through Prudential Borrowing.
- 2.2 To approve the purchase and three cherry pickers for the Illuminations Services funded through Prudential Borrowing.

3.0 Reasons for recommendation(s):

- 3.1 To assist in ensuring the efficient and effective delivery of the Street Cleansing and Illuminations Services.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

Outright purchase and lease options purchase have been considered but Prudential Borrowing is considered the most cost-effective method of purchase.

4.0 Council Priority:

4.1 The relevant Council Priority is:

“The economy: Maximising growth and opportunity across Blackpool”

5.0 Background Information

5.1 The Street Cleansing service operates a fleet of compact sweeping vehicles to support the delivery of the service.

5.2 The current fleet of sweeper vehicles were purchased in 2013 through a closed tender. The vehicles are recognised as having an economical working life of three years after which reliability and maintenance costs become prohibitive to providing a consistent and cost efficient service.

5.3 The Street Cleansing service has reduced its compact sweeper vehicles from 14 in 2012 to its current 8 machines. The existing fleet will be sold with the exception of two machines considered to have had the best service record during the Council’s ownership and used as operational spare vehicles.

5.4 The purchase of new vehicles will be funded by the current annual vehicle replacement budget specific for this sub fleet of vehicles.

5.5 This vehicle purchase is being expedited as production lead times for specialist equipment, such as compact sweepers together with tender preparation is likely to take six months. There are currently at least five recognised manufacturers for this type of vehicle, purchase costs, maintenance, parts support and running costs will be considered as part of the tender process.

5.6 Executive approval is required to prudentially borrow £393,000 over three years to finance the procurement of the replacement vehicles. This is a purchase price of £360,000 and a borrowing cost of £33,000. In budget terms this level of Prudential Borrowing will require annual repayments averaged out at £131,000 over the three year borrowing period, which is accounted for within the Street Cleansing Service budgets.

5.7 The Illuminations Service currently has five cherry pickers on lease. These leases will expire in the near future. After considering both the needs of the service and financial constraints it is proposed to reduce the number of cherry pickers and replace these leased vehicles with the purchase of three new ones.

- 5.8 Executive approval is required to prudentially borrow £350,000 over five years (their estimated optimal life) to finance the procurement of the three cherry pickers. This is a purchase cost of £309,000 and a borrowing cost of £41,000. The average annual borrowing cost over the five years is £70,000. This will be funded from the budget previously earmarked for leasing costs along with savings on repairs and maintenance given that the leased vehicles are now in their seventh year and beyond their optimal life.
- 5.9 In terms of the option to prudentially borrow, this has been established in conjunction with Finance as the most cost effective way of obtaining the above vehicles.
- 5.10 Does the information submitted include any exempt information? No
- 5.11 **List of Appendices:**
- None
- 6.0 **Legal considerations:**
- 6.1 None.
- 7.0 **Human Resources considerations:**
- 7.1 None.
- 8.0 **Equalities considerations:**
- 8.1 None.
- 9.0 **Financial considerations:**
- 9.1 Six compact mechanical sweeping vehicles - £393,000 over three years, with annual repayments of £131,000, which is accounted for within the revenue budget.
- 9.2 Three cherry pickers - £350,000 over five years, with annual repayments of £70,000, which is accounted for within the revenue budget.
- 10.0 **Risk management considerations:**
- 10.1 Failure to replace the vehicles will leave the services vulnerable.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 None.

13.0 Background papers:

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 6/2016

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 26th February 2016 Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1