

**ITEM No ...5.....**

**REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 21 AUGUST 2023**

**REPORT ON: FLEET PROCUREMENT SOURCING STRATEGY**

**REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 222-2023**

**1 PURPOSE OF REPORT**

1.1 To seek approval of the procurement sourcing strategy for plant and vehicles as required by Dundee City Council to ensure ongoing operational efficiency and to support the delivery of frontline services.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee:

- a approves the procurement sourcing strategy for plant and vehicles summarised in this report;
- b delegates authority to the Head of Sustainable Transport & Roads to purchase plant and vehicles as set out in the report; and
- c delegates authority to the Head of Sustainable Transport & Roads to authorise lease and hire agreements as set out in the report.

**3 FINANCIAL IMPLICATIONS**

3.1 The Executive Director of Corporate Services confirms that the capital costs of £1,300,000 can be met from within the Capital Plan 2023-2028 (Tackle Climate Change and Reach Net Zero Carbon Emissions by 2045 Vehicle Fleet & Infrastructure/Purchase of Vehicles, Plant & Machinery budget).

3.2 The Executive Director of Corporate Services also confirms that the revenue costs of £934,000 can be met from within the Revenue Budget/Corporate Fleet/Fleet Leasing and Hires budget.

**4 SOURCING STRATEGY SUMMARY**

4.1 The Corporate Fleet Manager reviews the plant and vehicle replacement plan annually in conjunction with the relevant service user clients. Items are prioritised for replacement based on a number of considerations including age of the asset, mileage, condition, forecast maintenance requirements, consolidation opportunities, serviceability, reliability, changing technology and future demand. The review is informed by data held within the fleet asset management system including utilisation, unavailability, and maintenance costs.

4.2 The Council aims to reduce its emissions from plant and vehicles and where economically viable will seek to procure the most efficient solution available. For some asset items, including small plant and adapted vehicles there may not be viable zero emission models available due to either practical implications such as weight/load capacity, or the cost of specialist adaptation or emerging technology is prohibitive. In these instances, the Council will secure the most environmentally sustainable variant, and specify a minimum Euro 6 emission standard.

- 4.3 Various procurement options are considered on a case by case basis when reviewing life cycle replacements including purchase, leasing, and hire. Procurement considerations include whole life cost, funding conditions, market availability, and the option to extend ownership beyond the scheduled life.
- 4.4 The Council utilises a number of national procurement frameworks for the supply of vehicles and plant. These procurement frameworks identify compliant items and provide optimum value for money and an expansive reach in terms of market suppliers featuring on the frameworks. The frameworks that will be used in the supply of vehicles and plant are listed in Table 1 below.

Table 1 – Fleet Procurement Frameworks Utilised

|   | <b>Procurement Type</b>                        | <b>Framework Contract</b>   |
|---|--|---|
| 1 | Purchase of landscaping plant                  | Scotland Excel Grounds Maintenance Equipment Framework              |
| 2 | Purchase of construction and landscaping plant | Scotland Excel Heavy Plant & Ground Maintenance Equipment Framework |
| 3 | Purchase of landscaping plant                  | Tayside Procurement Consortium Ground Care Framework                |
| 4 | Purchase of vehicles                           | Crown Commercial Fleet Portal Framework                             |
| 5 | Leasing of vehicles                            | Crown Commercial Fleet Portal Framework                             |
| 6 | Hire of vehicles and plant                     | Scotland Excel Vehicle & Plant Hire Framework                       |

## 5 RISK ANALYSIS

- 5.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contracts regulations and leaving the Council open to a legal challenge.

Table 2 – Risk Analysis

| <b>Description of Risk</b>   | <b>Actions To Be Taken To Manage Risk</b>  |
|--|--|
| <b>Commercial Risk</b> – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits. | Procured items will be ordered through a compliant national framework which encompasses all costs associated with the supply of items procured.  |
| <b>Technical Risk</b> – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.              | The technical specification is included within the national framework contracts. Participants have been required to demonstrate technical compliance and product suitability in order to participate on the framework. |
| <b>Performance Risk</b> – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.                        | Framework participants performance capability and product performance standards and certifications have been assessed as part of the framework requirements.   |

| Description of Risk  | Actions To Be Taken To Manage Risk   |
|--|--|
| <p><b>Contractual Risk</b> – being able to remedy the shortcomings in the contractor’s performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.</p> | <p>The framework contracts provide contractual conditions relating to the provision of goods. The framework contracts include a number of alternative compliant suppliers removing reliance on a single supplier should any supplier withdraw or fail to deliver.</p>  |
| <p><b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules.</p>  | <p>Procurement is through existing and tested compliant framework contracts.</p> <p>Brexit and the invasion of Ukraine have led to significant cost inflation. This is combined with increased demand and a supply backlog resulting from reduced production during the Covid-19 pandemic. This can result in prolonged order delays of up to 24 months for specialist vehicles and plant currently being experienced.</p> |

## 6 POLICY IMPLICATIONS

- 6.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 7 CONSULTATIONS

- 7.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

## 8 BACKGROUND PAPERS

- 8.1 None.

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