

<b>Chief Fire Officer and Director of Operations</b>	<b>Ref No: OKD03 19/20</b>
<b>May 2019</b>	<b>Key Decision:</b>
<b>Procurement of 35 Replacement Fire and Rescue Vehicles to support a Flexi Duty System (FDS)</b>	<b>Part I</b>
<b>Report by Fleet Manager</b>	<b>Electoral Division(s):</b>
<p><b>Summary</b></p> <p>The Council operates a fleet asset management plan that determines the useful life of vehicles and sets out a replacement programme over a 5-year period.</p> <p>West Sussex Fire and Rescue Service operate a Flexi Duty System (FDS) that requires staff to attend incidents independently from a fire appliance using a vehicle allocated to them.</p> <p>Currently 35 staff (each with an allocated vehicle) support this rota-system across the service. The leases on these vehicles will expire in February 2020 and there is a requirement to replace all 35 vehicles, using an agreed specification, to continue to support the rota and deployment system.</p>	
<p><b>West Sussex Plan: Policy Impact and Context</b></p> <p>The provision of modern and fuel-efficient vehicles ensures the workforce is supported in their role in providing emergency response but also that the impact on the local environment is kept to a minimum.</p> <p>This outcome supports the objective of making West Sussex a strong, safe and sustainable place.</p>	
<p><b>Financial Impact</b></p> <p>Resources to run the procurement process and mobilise the vehicles ready for service have been identified as a business as usual activity.</p> <p>A further competition will be organised using Lot 6 of the Crown Commercial Service (CCS) Vehicle Purchase Framework (RM6060).</p> <p>The anticipated capital cost of a turn-key solution (vehicle + conversion) for 35 vehicles is £750,000. The contract for the vehicle purchase and conversion will expire on acceptance of the last vehicle in approximately January 2020.</p> <p>Once the vehicles have been purchased the financing options will be considered. This evaluation will use the external lease adviser's view of the current market rates for leasing and compare the cost of this against the cost of financing the purchases corporately.</p> <p>Should leasing be the preferred financing option, the expected revenue cost for all 35 vehicles over a 5 year period will be approximately £612,500.</p>	

## **Recommendations**

The Chief Fire Officer and Director of Operations is asked to:

- 1) agree to commencement of a compliant procurement process using the CCS Framework Agreement RM6060 to source 35 vehicles using an agreed specification;
- 2) agree to the award of contract to the successful bidder; and
- 3) endorse the most cost-effective financing option following the purchase of the vehicles (made at the time of purchase).

## **Proposal**

### **1. Background and Context**

- 1.1 The Fire and Rescue Services operates a Flexi Duty System (FDS) that requires staff (Station Managers, Group Managers, Area Managers and Senior Team) to attend incidents to coordinate response activities.
- 1.2 Currently 35 vehicles support this rota-system and the leases on these vehicles are due to expire from February 2020.
- 1.3 FDS staff use the vehicles to carry a range of equipment to support their standard response role as well as various ancillary roles they may also perform for example; National Inter-Agency Liaison Officer (NILO), Marauding Terrorist Firearms Attack (MTFA) and Fire Investigation Officer (FIO).
- 1.4 There are two models of vehicle provided currently, a Hyundai IX35 and Hyundai Santa Fe. Both models have 4x4 capability, large boot space, covert lighting and communication radios for direct messaging from the Fire Control Centre.
- 1.5 The annual lease costs per vehicle are £3700.
- 1.6 In 2017 the rules regarding personal use of Council-provided vehicles by Emergency Service staff changed meaning that staff were no longer able to reduce their taxable liability by making a deduction for business use. This change meant that staff are taxed at the full benefit in kind rate for a Council-owned vehicle unless they are 'on-call'.
- 1.7 The vehicles form part of a wider Fleet Asset Management Plan that informs the replacement schedule for all owned and leased vehicles in the Council fleet. Capital funds have been allocated to replace this batch of vehicles.
- 1.8 As part of Key Decision SSC 14 17.18, authority has been delegated to the Chief Fire Officer and Director of Operations to award contracts as part of the delivery of the Fleet Asset Management Plan.

## **2. Proposal Details**

- 2.1 It is proposed that the Council procures 35 replacement vehicles using Lot 6 of the CCS Framework Agreement RM6060.
- 2.2 The specification of the replacement vehicles is based around the provision of a turn-key solution with bidders.
- 2.2 Vehicle manufactures will be asked to provide vehicles that meets the minimum technical requirements of the Service and to coordinate necessary vehicle conversions (for example lighting, installation of communication equipment) prior to delivery to the Council.
- 2.3 Broad highlights of the proposed vehicle specification are:
  - 4x4 capability;
  - Diesel or Hybrid technology;
  - Large storage space;
  - Enhanced Miles per Gallon (MPG) and reduced Carbon Dioxide (CO2) emissions compared to current vehicles;
  - Conspicuity markings and lighting to meet the Service's requirements;
  - Installation of radio communication equipment.
- 2.4 A further competition will be organised using the CCS Framework Agreement for Vehicle Purchases (RM6060) which is a common route to market used by Blue Light Services, including the Police.
- 2.5 Bids will be evaluated on technical and non-technical grounds including price, warranty, delivery timelines and post-sale support.
- 2.6 The contract for the vehicle purchase and conversion will expire on acceptance of the last vehicle by the Council.
- 2.7 Following the purchase of the vehicles the most cost effective route of financing will be used following an assessment of the current market rates for leasing and a comparison of the cost of this against the cost of financing the purchases corporately.

## **Factors taken into account**

### **3. Consultation**

- 3.1 Extensive consultation has taken place with the Fire and Rescue Service to develop a specification that meets the current and future needs of staff using these vehicles.
- 3.2 The feedback has identified the following requirements that are different to the current batch of vehicles:
  - Standardised performance across the batch of vehicles;
  - Enhanced conspicuity markings and lighting;
  - Better utilisation of manufacturer technology to support communication systems (reducing the need for additional/duplicate devices that fulfil communication/navigation function).

3.3 The Council's Procurement Board has been consulted about the proposal and the intended approach.

3.4 Representative bodies have also been consulted on the proposed specification.

#### **4. Financial (revenue and capital) and Resource Implications**

4.1 The vehicles will be purchased using funds allocated from the Council's capital programme. Currently there is £2.13m set against all fleet vehicle purchases during 2019/20. The anticipated sum required for this replacement is £750,000.

4.2 Once the vehicles have been purchased the financing options will be evaluated by Corporate Finance colleagues. This evaluation will use the external lease adviser's view of the current market rates for leasing and compare the cost of this against the cost of financing the purchases corporately. As a result of that evaluation the most cost effective route of financing will be used.

4.4 Lease costs are expected to be approximately £3500 per vehicle per year.

4.5 The following table illustrates the capital and revenue implications of the proposal:

	<b>Current Year 2019/20 £m</b>	<b>Year 2 2020/21 £m</b>	<b>Year 3 2021/22 £m</b>	<b>Year 4 2022/23 £m</b>	<b>Year 5 2023/24 £m</b>	<b>Year 6 2024/25 £m</b>
<u>Capital Budget (estimate)</u>	£750,000					
<u>Revenue Budget (estimate)</u>	£30,650*	£122,500	£122,500	£122,500	£122,500	£91,900

\* Assumes vehicles are delivered in January 2020, with a 5-year lease starting at that date.

4.6 On-going maintenance costs will also be met from revenue budget VO11.

4.7 The overall effect of the proposal is to provide the Fire and Rescue Service with vehicles that are safe and economical to run whilst also meeting the broad operational needs of the vehicle users.

4.8 The management of the vehicles will be overseen by the Fleet Support team.

#### **5. Legal Implications**

5.1 The procurement will be undertaken in accordance with the Public Contract Regulations 2015 and WSCC Standing Orders for Contracts and Procurement ensuring the principles of transparency and equal treatment are maintained,

ensuring acceptable time limits are applied and details of the award procedure made clear in the tender documents.

## 6. Risk Assessment Implications and Mitigations

6.1 The following risks and mitigations have been considered

Risk	Mitigations
Failure to provide vehicles in 2019/20	Extension to leases will be required as well as a re-profiling of the capital requirement. This will prolong the use of ageing vehicles but would ensure adequate provision under the FDS rota-system
The vehicles are not fit for purpose	Extensive engagement with the service has identified the core requirements of the vehicles and these will be incorporated into the specification
Delay in delivery of vehicles	Delivery timescales will be evaluated as part of the further competition and will be monitored by the Fleet Team post-award.
Uncertainty around exit form European Union (EU)	Informal feedback from suppliers suggests a likely increase in costs in a 'no-deal' scenario of between 10-15%. The tender process will ask bidders to be clear about impacts so they can be considered in the evaluation process.

## 7. Other Options Considered

7.1 The following options have been considered

- a) Do nothing;
- b) Provide motorbikes or smaller vehicles;
- c) Allow staff on the FDS rota system to provide their own cars;
- d) Adapt pool car model to allow access to FDS staff when 'on-call';
- e) Start a vehicle lease scheme for all Council staff, starting with FDS staff.

7.2 Option a) has been discounted on the basis that it would mean handing back the vehicles to the lease company leaving FDS staff with no provision.

7.3 Option b) would fail to provide the space required for the equipment staff carry around with them and which might be used at an incident including Fire PPE, lifejackets, ballistic vests etc.

7.4 Option c) would involve the Fleet Team regularly inspecting private vehicles ensuring they are roadworthy. Furthermore, staff would need to consent to the installation (and removal) of lighting and communication equipment to their vehicles to support emergency response protocols.

- 7.5 In addition to this, as part of Option c) staff would be responsible for all insurance, maintenance and repair work associated with usage.
- 7.6 Extending the pool car model as part of Option d) would reduce the agility and flexibility of how FDS staff currently deploy, particularly where additional cover is needed from the next nearest FDS staff member.
- 7.7 While staff could book a vehicle for their on-call shift, switching vehicles would involve removing all the personal issue equipment at the end of the period.
- 7.8 Furthermore, should a major incident occur or there be multiple incidents in a short period of time, vehicles would be required for each member on the FDS rota. If vehicles are not available or in the wrong location, staff may not be able to deploy quickly or at all.
- 7.9 The Council does not operate a salary sacrifice car lease scheme at present. The implications of providing such a scheme across the organisation, as well as the specific tax implications to employees receiving vehicles with blue light conversions, would need to be fully explored. On this basis, this scheme is not a solution for this specific batch of vehicles.

## **8. Equality and Human Rights Assessment**

- 8.1 The Equality Duty does not need to be addressed as part of this report which is dealing with replacement vehicles for a small group of individuals in the Fire and Rescue Service and which will not impact on any individuals with a protected characteristic.

## **9. Social Value and Sustainability Assessment**

- 9.1 As part of the procurement process, bidders will be asked to outline how they seek to use local labour and suppliers as part of the delivery and conversion of vehicles as well as how they will support the Council in the delivery of its Sustainability Strategy.

## **10. Crime and Disorder Reduction Assessment**

- 10.1 Not Applicable

**Nicola Bulbeck**  
(Executive Director of  
Communities and Public  
Protection)

**Neil Stocker**  
Deputy Chief Fire Officer and  
Director of Public Protection

**Contact Officer:** Paul Mace (Fleet Manager) and James Skilling  
(Procurement and Contract Manager)

**Appendices: None**  
**Background Papers: None**