

Public Document Pack



Executive Board Sub Committee

Thursday, 18 October 2007 at 10.00 a.m.
Marketing Suite, Municipal Building

A handwritten signature in black ink that reads 'David W R'.

Chief Executive

SUB COMMITTEE MEMBERSHIP

Councillor Mike Wharton (Chairman)	Labour
Councillor Phil Harris	Labour
Councillor Steff Nelson	Labour

Please contact Gill Ferguson on 0151 471 7395 or e-mail gill.ferguson@halton.gov.uk for further information.

The next meeting of the Sub Committee is on Thursday, 1 November 2007

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

Part I

Item No.	Page No.
1. MINUTES	
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda no later than when that item is reached and (subject to certain exceptions in the Code of Conduct for Members) to leave the meeting prior to discussion and voting on the item.	
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PART II

In this case the Sub Committee has a discretion to exclude the press and public, but in view of the nature of the business to be transacted it is **RECOMMENDED** that under Section 100(A)(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

6. CORPORATE SERVICES PORTFOLIO

(A) ACQUISITION OF LAND AT THE FORMER BLUE CIRCLE SIDINGS, WIDNES WATERFRONT, WIDNES

27 - 31

In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

REPORT TO: Executive Board Sub Committee

DATE: 18th October 2007

REPORTING OFFICER: Strategic Director Corporate & Policy

SUBJECT: Spike Island - Canal Lock Gates

WARDS: Riverside

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to seek a waiver of standing orders to allow for single tender action in respect of the replacement of one pair of locks gates at Spike Island.

2.0 RECOMMENDATION: That a waiver of standing orders is granted in order that a contract can be entered into with K.D Marine our preferred supplier in respect of the repair and ongoing maintenance of the lock gates at Spike Island.

3.0 SUPPORTING INFORMATION

- 3.1 The outer lock gates are in a poor state of repair. They have been severely weakened at sometime in the past by the removal of metal strengthening pieces, and they are constantly allowing water to leak out into the river, indicating that there is now a problem with the timbers. This leakage is exacerbating the general problem of water loss from the canal which has been an ongoing issue for some time.
- 3.2 Surveys have been carried out confirming that there are problems with the gates, and it has been decided that the most appropriate way forward is to have the outer gates replaced.
- 3.3 In addition to the problem with the gates there is an ongoing problem of silt build up, both within the lock and on the river side of the outer gates, this has now reached the stage where if the silt on the river side is left it may soon begin to restrict craft from entering and exiting the lock. This silt therefore needs removing to ensure this does not cause any problems.

- 3.4 KD Marine are a Runcorn based firm who specialise in barge and ship operations, inclusive of canal and lock maintenance works. They have carried out all maintenance works associated with the canal over the past few years and we intend to continue using them as they provide a very good service, as such they will be maintaining the gates in the future so it would be beneficial if they are the contractor responsible for their installation.
- 3.5 KD Marine have provided a quotation for the remedial works which amounts to £58,250, this being inclusive of the replacement of the outer gates together with the silt removal where required. An allocation covering the amount has been made in the 06/07 repairs and maintenance programme.

4.0 OTHER IMPLICATIONS

- 4.1 The lock allows craft to access the canal where the boats are moored, failure to maintain a functional lock would mean the mooring of boats would not be an option, as they would be unable to access the river. This would both detract from the general visual aesthetics of the area and mean that the West Bank Boat Club, who currently have a lease, to use the canal for the mooring of boats, would not be able to operate, thus denying leisure activities to members of the community. We could also be in breach of the lease agreement we currently have with them.

5.0 RISK ANALYSIS

- 5.1 If we do go out to tender and a contractor other than KD Marine is successful, it is likely that they will not be local to the area, as such it is unlikely that we will get the same level of after service as we would with KD Marine, as they are locally based.
- 5.2 Failure to undertake the work could potentially lead to major problems as the gates are in a poor condition and in time could ultimately fail, thus leaving the lock unusable. As new lock gates are on a considerable lead in time, approximately four months the canal would be unusable for possibly up to 6-months, which could potentially be in high season.

6.0 EQUALITY AND DIVERSITY ISSUES

- 6.1 None

7.0 REASON FOR DECISION

- 7.1 To enable continued use of the canal as a mooring facility

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People in Halton

N/A

8.2 Employment, Learning and Skills in Halton

N/A

8.3 A Healthy Halton

N/A

8.4 A Safer Halton

The replacement of the outer lock gates will help ensure that the canal can continue to be used as a mooring facility. West Bank Boat Club will be able to continue using it as a base which will ensure that the canal can continue to be used and enjoyed by the residents of the borough. The moored boats also add to the visual attractive nature of the area and help generate visitors to Spike Island.

8.5 Halton's Urban Renewal

N/A

LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
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REPORT TO: Executive Board Sub-Committee

DATE: 18th October 2007

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: Invest to Save Fund

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To consider the bids on the Invest to Save Fund.

2.0 RECOMMENDED: That the proposals be approved.

3.0 SUPPORTING INFORMATION

3.1 The Invest to Save Fund was established earlier this year and totals £1m. The purpose of the fund is straightforward: to provide “up front” monies from which sustainable savings are generated to help balance the Council’s budget. Management Team agreed criteria for its use, and these are set out in Appendix 1.

3.2 The following proposals meet the criteria:

	Cost	Annual Savings
	£'000	£'000
Halton Stadium – Energy Saving Measures	49	18
Various Buildings – Install Powerpefectors	137	40

3.2 These two proposals would utilise £186,000 from the fund and generate annual savings of £58,000.

3.3 Further bids are expected from the Carbon Trust Working Group and to look at bringing in some external support to examine how we do our business.

4.0 POLICY AND OTHER IMPLICATIONS

4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

5.1 There are no direct implications on the Council's priorities, however the budget supports the delivery of all the Council's priorities.

6.0 RISK ANALYSIS

6.1 The agreed criteria should minimise any risks associated with the fund.

7.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Working file	Municipal Building	Bill Dodd

INVEST TO SAVE CRITERIA

Guidance on the Submission of Invest to Save Applications

1. An Invest to Save application form must be completed for each proposal.
2. Invest to Save proposals must be agreed with the Operational Director, Financial Services prior to submission to Management Team, in order to confirm the robustness of the financial assumptions made.
3. All applications must be submitted to Management Team by 31st July 2007, to enable competing proposals to be properly evaluated.
4. Management Team will consider proposals in the light of the Council's financial position and corporate priorities, and will recommend proposals to Executive Board Sub Committee for approval.
5. Management Team will recommend, on a case by case basis, the proportion of revenue savings from each proposal to be repaid to the Invest to Save Fund, and how the balance will be used to meet budget savings targets.
6. Executive Board Sub Committee will consider all Invest to Save proposals for approval.
7. On a six monthly basis, Management Team and Executive Board Sub Committee will receive a report setting out progress with all current Invest to Save Projects, including quantification of savings achieved to date.
8. The Invest to Save Fund will provide one-off funding for revenue or capital expenditure.
9. Proposals which generate the most significant revenue savings in the shortest period of time and are sustainable, whilst having an impact upon the corporate areas of focus or LAA targets, will be most likely to receive approval.
10. It is expected that all alternative sources of internal and external funding have been explored and found unsuccessful, prior to submitting an application for Invest to Save funding.

REPORT TO: Executive Board Sub-Committee

DATE: 18th October 2007

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: Treasury Management 2007/08
2nd Quarter: July-September

WARDS:

1.0 PURPOSE OF REPORT

1.1 The purpose of the report is to update the Sub-Committee about activities undertaken on the money market as required by the Treasury Management Policy.

2.0 RECOMMENDED: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 Short Term Rates

The base rate increased from 5.50% to 5.75% on 5th July 2007. This is the fifth consecutive 0.25% rise in the present cycle of rate increases.

During September the inter bank market reacted to the short term liquidity issue caused by the flight to quality faced by many organisations with exposure to the bad debts incurred in the secondary mortgage market. The imbalance in supply and demand for short term cash in the inter bank market saw rates touch 6.75% for a brief period. After an injection of cash and guarantees by the European Central Bank and the American Federal Bank (who also cut their lending rate by 0.5%), rates fell back to near the pre increase levels by the end of the month.

	Start	July		August		September	
		Mid	End	Mid	End	Mid	End
	%	%	%	%	%	%	%
Call Money (Market)	5.50	5.81	5.80	6.10	6.20	5.92	6.50
1 Month (Market)	5.82	5.85	5.87	6.40	6.52	6.55	6.10
3 Month (Market)	5.95	5.97	6.01	6.55	6.63	6.65	6.20

3.2 Longer Term Rates

Longer term rates were unaffected by the turmoil in the short market and by and large eased over the period. At present the rates are not attractive for new longer term borrowing.

	Start	July		August		September	
		Mid	End	Mid	End	Mid	End
	%	%	%	%	%	%	%
1 Year (Market)	6.28	6.30	6.25	6.35	6.45	6.30	6.10
10 Year (PWLB)	5.60	5.70	5.35	5.30	5.20	5.00	5.20
25 Year (PWLB)	5.20	5.25	4.95	4.95	4.85	4.80	5.00

The PWLB rates are for “lower quota” entitlements.

3.3 Temporary Borrowing/Investments

Turnover during period

	No. Of Deals Struck	Turnover £m
Short Term Borrowing	3	6.50
Short Term Investments	40	42.45

Position at Month End

	July £m	August £m	September £m
Short Term Borrowing	Nil	1.50	Nil
Short Term Investments	38.15	39.35	38.95

Investment Income Forecast

The forecast income and outturn for the quarter is as follows:

	Cumulative Budget £'000	Cumulative Actual £'000	Cumulative Target Rate %	Cumulative Actual Rate %
Quarter 1	470	477	5.43	5.28
Quarter 2	923	1,047	5.66	5.46
Quarter 3	1,332			
Quarter 4	1,650			

3.4 Longer Term Borrowing/Investments

The Authority did not borrow any long term money.

3.5 Policy Guidelines

Interest Rate Exposure – complied with.

Approved Counterparty List – Comment on Northern Rock

Northern Rock is on the Council’s list of approved counterparties. It was subject to negative publicity in September due to its exposure to the increase in short term inter bank borrowing costs highlighted earlier

in this report. Although a victim of higher short term interest rates, it does not suffer from exposure to the losses incurred by some of the major banks dealing in the secondary mortgage market and has been incorrectly perceived as being in financial difficulties by the public. It has forecast a downturn in profits this year from £650m to £500m due to the increased cost of borrowing and has seen its long term credit rating downgraded from A+ to A-, but in all other respects it remains a sound mortgaged based financial institution. It is also perhaps worthy of note that their use of the emergency line of credit with the Bank of England which sparked a great deal of panic in the press and subsequently in the public is not that unusual. It has emerged that over the past few years quite a few of the major banks have used the same facility for various reasons without attracting any comments from the national press.

Borrowing Instruments – complied with.

Prudential Indicators – complied with:

- Operational Boundary for external debt;
- Upper limit on interest rate exposure on fixed rate debt;
- Upper limit on interest rate exposure on variable rate debt;
- Maturity structure of borrowing as a percentage of fixed rate borrowing;
- Total principal sums invested for periods longer than 364 days;
- Maturity Structure of New Fixed rate Borrowing during 2005/06.
-

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 No direct implications on the Council's priorities.

7.0 RISK ANALYSIS

7.1 The main risks associated with Treasury Management are security of investment and volatility of return. To combat this, the Authority operated within a clearly defined Treasury Management Policy and an annual borrowing and investment strategy, which set out the control framework.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no issues under this heading.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D
OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.

REPORT TO: Executive Board Sub Committee

DATE: 18th October 2007

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Special Education and Health & Community
Tendered Transport Contracts

WARDS: Borough-Wide

1.0 PURPOSE OF THE REPORT

- 1.1 50 new Special Education and Health & Community Transport contracts were recently offered by tender. They have now been awarded and certain variations need to be reported for information.
- 1.2 Various tendered contracts have been awarded where it has not been possible to award to the lowest bid. In some cases, alternative arrangements were made where possible in relation to the needs of the clients. Please refer to the body of the report for the background of why each contract was awarded.

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

Contract 2304: This contract was not awarded to any operator as it was the intention to transport the client on the recently purchased MPV vehicle in a more cost effective way. Before this was organised however, it was reported that Cheshire County Council also have a vehicle that operates to the same school with spare wheelchair capacity. After looking into this it is apparent that it is a more cost effective option, so the client was added to Cheshire's contract with a cost of £10.00 per day to HBC.

Contract 2311: This contract was awarded to the tenderer submitting the third lowest bid. This was due to the lowest bidder not having the correct operators licence to operate the contract. The second tenderer declined the offer of the contract.

Contract 2318 & 2319: These contracts were not awarded as both were for clients attending Halton College, Widnes. HBC contribute a grant to Halton Community Transport to operate a Pathfinders Service to Halton College for Mobility Impaired Students. After further investigation, due to the nature of the clients, we were able to add the clients to the Pathfinders service at no cost.

Contract 2322: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest bidder declining the offer of the contract.

Contract 2323: This contract was originally offered to the first two tenderers, who both declined due to lack of drivers willing to do such a small job. It was decided that it was more cost effective to allocate this work to a volunteer driver, whereby we pay the mileage actually done, rather than paying the next rate of the third operator, which would have been at least double the cost of the volunteer driver mileage.

Contract 2337: This contract was awarded to the tenderer submitting the third lowest offer. This was due to the lowest bidder declining the offer of the contract. It was not offered to the second operator as they had already accepted other tendered contracts, operating at the same times, and as the operator has no other licensed drivers working for them could not operate the contract.

Contract 2375B: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest operator already accepting other tendered contracts and not being available to operate this contract at the same time. There were two operators next in line with the same bid. The contract was awarded to Grosvenor Taxis as they had quoted a cheaper mileage rate should we need to add additional clients, thus increasing the mileage of the route, incurring extra charges.

Contract 2386A: This contract was awarded to the tenderer submitting the second lowest offer. There were two operators who submitted the lowest bids, but both could not take on the contract as they had both accepted other tendered contracts, operating at the same times, but due to the size of their companies did not have the driver capacity to take on any other contracts. The second lowest price was again submitted by two tenderers. The contract was awarded to Grosvenor Taxis as the other operator was from outside of the Borough so it was awarded to the In-Borough company to keep business local.

Contract 2409B: This contract was awarded to the tenderer submitting the second lowest offer. It was not offered to the first lowest bid as they has already accepted other tendered contracts, operating at the same times, and as the operator has no other licensed drivers working for them, could not facilitate this contract.

Contract 2413A: This contract was awarded to the tenderer submitting the second lowest offer. It was offered to the lowest bidder, but they had failed to include on their tender offer that they wished to merge this contract with an existing one they already operated. It was not viable to merge both contracts as the school times would not have fitted in. Therefore the offer was retracted and offered to the next lowest. The

second lowest offer was the same between two companies. It was awarded to Grosvenor Taxis due to driver availability.

Contract 2414B: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest operator already accepting other tendered contracts and not being available to operate this contract at the same time. There were two operators next in line with the same bid. The contract was awarded to Grosvenor Taxis as they had quoted a cheaper mileage rate should we need to add additional clients, thus increasing the mileage of the route, incurring extra charges.

Contract 2425B: This contract was not awarded. It was requested by Special Education Department that it was to remain with the current operator due to the difficult nature of the client and the need for the client to have the stability of the same driver.

Contract 2428B: This contract was not awarded as the specification tendered altered before the start of the contract. The number of trips per day and the mobility of the client changed from the original tender, meaning that a different vehicle was required. Quotes were obtained and awarded as an emergency contract for one school year. The total cost is below the tender threshold so will be tendered to start September 2008, at the new specification.

Contract 2604B: There were two bids of the same price. It was awarded to Frodsham & District Taxis as the other operator had already accepted another tendered contract and was not available to operate both contracts, operating at the same time.

Contract 2605A: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest operator already accepting other tendered contracts and not being available to operate this contract at the same time.

Contract 2700A: This contract was awarded to the tenderer submitting the sixth lowest offer. During the tender period Transport Co-ordination were notified of another client needing to attend the school. Therefore a larger vehicle was required to that specified in the tender document. Due to the distance of the school it was more cost effective to negotiate with the winning bidder to use a larger vehicle than to quote for a separate taxi for one child. The first operator could only provide a saloon car, therefore not providing enough seats. The second and third offers were from operators who had already accepted other tendered contracts so were not available to operate this at the same time. It was offered to the fourth operator who stated that they had quoted the wrong price for the distance and wanted considerably more to operate, so the offer was retracted. The fifth and sixth operator had very similar prices so were both given the extra address details and asked for a price to provide a larger vehicle. One operator expressed that they would want a

fee for the larger vehicle and then additional for the extra mileage, whereby the sixth operator stated that they would already be using a cab, so would only require extra payment for the additional mileage.

Contract 2701B: This was offered to the tenderer submitting the lowest offer. The day before the contract was due to start they handed it back. Due to the short notice we referred back to the other tendered bids and it was awarded to Widnes Taxis, this was due to their bid only being £1.00 more than the next available. Widnes Taxis has previously operated this contract and had also stated they would be using the same driver. Therefore to provide continuity to the client, and for reliability as the company are based on the same side of the bridge so will not get held up in traffic, Widnes Taxis were thought as the best option.

Contract 2704B: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest operator already accepting other tendered contracts and not being available to operate this contract at the same time.

Contract 2711A: This contract was awarded to the tenderer of the second lowest offer. This was due to the operator with the lowest bid only being 50 pence cheaper a week and already having a contract in place to the same school. He had previously indicated that he would be bidding for contracts and if he was successful would hand his current contract back. On that basis it was more cost effective to award to the next lowest bid, and not have to emergency quote on the contract that the operator would have handed back, taking up more officer time and disrupting more service users.

Contract 2713: This contract was awarded to the tenderer submitting the third lowest offer. This was due to both the first and second operator declining the offer of the contract.

Contract 2714: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest bidder already accepting other tendered contracts and not being available to operate this contract at the same time.

Contract 2761B: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest offer not being cost effective should we have to make any changes to the route. They stipulated that they would not be willing to reduce the amount of the daily rate should the mileage reduce. They were also asking for an increase rate more than treble of the next lowest operator. Due to the needs of the client, it is quite common that the destination of travel would change.

Contract 2763A: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest operator accepting the contract but then writing in to say they were no longer willing to do the contract at the tendered price. As they were no longer the cheapest

option the offer was retracted. Next in line were two bids of the same price. It was awarded to Widnes Taxis as they had previously operated the contract and would be using the same driver, providing continuity to the clients.

Contract 2102B: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest tenderer being unable to carry out the contract as specified. It was tendered for a minimum seating capacity of 19. The lowest bidder could not fulfil this as he is an operator with a taxi with no other drivers working under his licence, therefore could not provide the transport as specified.

Contract 2115B: This contract was awarded to the tenderer submitting the third lowest offer. The lowest bid was accepted but the operator then handed the contract back as they had misquoted. The second operator did not have the correct operators licence to operate this contract.

Contract 2122: This contract was awarded to the tenderer submitting the third lowest offer. This was due to the first operator declining the contract. The second operator only had a saloon car whilst the clients needs required a larger vehicle.

Contract 2141C: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the lowest offer not being cost effective should we have to make any changes to the route. They stipulated that they would not be willing to reduce the amount of the daily rate should the mileage reduce. They were also asking for an increase rate more than treble of the next lowest operator.

Contract 2177D: This contract was awarded to the tenderer submitting the third lowest offer. This was due to the lowest operator not meeting the tendered seating capacity required. The second lowest operator had already accepted other tendered contracts so was unavailable to operate this one due to the running times.

Contract 21007: This contract was awarded to the tenderer submitting the second lowest offer. This was due to the contract being offered to the lowest bidder, and the operator declining the offer.

4.0 POLICY IMPLICATIONS

None

5.0 OTHER IMPLICATIONS

None

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

The above contracts have been awarded with Best Value in mind to help provide a professional secure service for its service users.

7.0 RISK ANALYSIS

None

8.0 EQUALITY AND DIVERSITY ISSUES

None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Tender Book and Contract Files	2nd Floor, Rutland House	Joanne Briggs Ext. 3133

REPORT TO: Executive Board Sub-Committee

DATE: 18th October 2007

REPORTING OFFICER: Strategic Director - Environment

SUBJECT: Joint or Partnership Arrangement for the commissioning of a cross-boundary Employment Land and Premises Study with deferral to Sefton MBC's Standing Orders for the conduct of this commission.

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

- 1.1 To inform members of the intention to enter into a partnership arrangement with Sefton MBC, Knowsley MBC and West Lancs District Council to jointly commission a cross-boundary Employment Land and Property Review and seek approval for Sefton MBC to act as commissioning authority and as such that the Standing Orders of that authority (Sefton) shall apply to contracts entered into for the delivery of this study.

2.0 RECOMMENDATION: That

- (1) **the Planning and Policy Division be authorised to enter into a partnership arrangement with Sefton MBC, Knowsley MBC and West Lancs District Council to jointly commission a cross-boundary Employment Land and Property Review.**
- (2) **approval be given for Sefton MBC is to act as the commissioning authority and under the provisions of Section 1.15c of Procurement Standing Orders, that the Standing Orders of that authority (Sefton) shall apply to contracts entered into for the delivery of this study.**

3.0 SUPPORTING INFORMATION

- 3.1. In order to provide a full and robust evidence base to support the development of the Council's Local Development Framework (LDF) including the Core Strategy it is necessary to undertake an Employment Land and Property Review.
- 3.2. In line with Government best practice guidance and in response to the policy approach being taken in the emerging Regional Spatial Strategy, it is most prudent for this review to be undertaken at a sub-regional level. Unfortunately, due to timing and other issues it has not been

possible to co-ordinate a single study for the full Merseyside area, however Sefton MBC, Knowsley MBC and West Lancs District Council have invited Halton to participate in a jointly commissioned study. This approach should provide benefits to Halton both in terms of the overall cost of the study and the quality of the resultant output.

- 3.3. The estimated cost for the overall study (covering the 4 authorities) is up to £140,000 with the cost to Halton expected to be in the region of £30,000 up to £40,000. This cost has been budgeted for and will be met from existing resources.
- 3.4. On behalf of the study partners, Sefton MBC has undertaken 'market testing' of the likely overall study costs and are satisfied that these costs will not exceed EC Public Procurement Rules Thresholds (Currently £144,459).
- 3.5. To aid the efficient management of the study, it is intended that one authority will act as the lead or 'commissioning' authority for the issue and receipt of tenders and the handling of payment of fees to the contracted consultant. This lead authority will invoice the other partner authorities for payment of agreed costs at the appropriate intervals.
- 3.6. Sefton MBC has kindly agreed to take on the role of lead 'commissioning' authority for this Study. This means that Sefton MBC will attend to all tendering and contract procedures. It also means that the contract will be entered into solely by Sefton MBC on behalf of itself and its partner authorities. All partner authorities will be provided with all of the data produced by the study.
- 3.7. The other parties to the study (including Halton) will be fully represented on the Study Steering Group that will draft the study brief, select the winning consultants and manage the study through to completion.
- 3.8. The Council's Legal Services have been consulted throughout the inception process and will agree details of the contractual arrangements between the consultants, the lead authority (Sefton MBC) and Halton BC in advance.
- 3.9. In order to facilitate this approach, members are being asked to approve the entering into a Joint or Partnership Arrangement under which Sefton MBC will act as the commissioning body and as such, the Standing Orders of Sefton MBC will apply to contracts entered into under this arrangement under the terms of Halton's Procurement Standing Orders; Para 1.15(C).
- 3.10. Value for Money
It is anticipated that commissioning this necessary research as a joint study across 4 local authority areas should realise economies of scale whereby the establishment of contextual information and necessary

background research common to the whole study area will be shared across all the commissioning authorities.

- 3.11. In addition, a joint study will create a consistent joint evidence base to the benefit of future cross-boundary working and the delivery of regional, sub-regional and local planning priorities.
- 3.12. Transparency, propriety and accountability
The commissioning and management of the necessary contracts will be undertaken under Sefton MBC Standing Orders and as such will fully conform to European and UK national requirements with regard to process, transparency, propriety and accountability.

4.0 POLICY IMPLICATIONS

- 4.1 The establishment of a robust evidence base is essential to the delivery of the Local Development Framework including the Core Strategy.

5.0 OTHER IMPLICATIONS

- 5.1 No other implications

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 **Children and Young People in Halton**
Will facilitate the progression of the Local Development Framework and Core Strategy that seeks to address Children and Young Peoples issues.
- 6.2 **Employment, Learning and Skills in Halton**
Will facilitate the progression of the Local Development Framework and Core Strategy that seeks to address employment, learning and skills issues.
- 6.3 **A Healthy Halton**
Will facilitate the progression of the Local Development Framework and Core Strategy that seeks to address healthy Halton issues.
- 6.4 **A Safer Halton**
Will facilitate the progression of the Local Development Framework and Core Strategy that seeks to address a safer Halton issues.
- 6.5 **Halton's Urban Renewal**
Partnership working and the joint commissioning of appropriate studies will facilitate the delivery of the Council's Local Development Framework and ensure an effective and up-to-date development plan to the benefit of urban renewal.

7.0 RISK ANALYSIS

There are no key risks associated with the proposed action.

8.0 EQUALITY AND DIVERSITY ISSUES

There are no equality and diversity issues raised by this report.

REPORT TO: Executive Board Sub Committee

DATE: 18th October 2007

REPORTING OFFICER: Strategic Director – Environment

SUBJECT: Preliminary Estimates for the Replacement of the Council's Fleet of Vehicles and Plant

WARD(S): Borough wide

1.0 PURPOSE OF REPORT

1.1 This report requests agreement to the replacement of part of the Council's Fleet of Vehicles and Plant by various acquisition methods rather than through the current Contract Hire supply contract. It is proposed that sourcing through an appropriate Procurement Organisation with established framework agreements is used for the procurement process.

2.0 RECOMMENDED: That: -

- (1) the Operational Director for Highways, Transportation, & Logistics in consultation with the Operational Director Financial Services, Executive Board Member for Environment, Leisure and Sport and the Executive Board Member for Corporate Services be authorised to procure *Vehicles and Plant* through the most advantageous financial funding method;**
- (2) Council be recommended to include Vehicle and Plant Replacement in the Capital programme at a cost of £1.192m in 2007/8; and**
- (3) Procurement is undertaken through a *Central Purchasing Body complying with the requirements of the Public Contracts Regulations 2006.***

3.0 SUPPORTING INFORMATION

- 3.1 The Council currently operates 109 vehicles, and 88 Items of plant and machinery acquired through tendered contracts on a Contract Hire basis. 48 of these fleet items with a combined capital value of £1.5million are now approaching their respective contract expiry *dates*.
- 3.2 Whilst there is an existing supply contract in place until December 2007, which could be used for the replacement of these fleet items, an

alternative procurement approach has been explored which has highlighted alternative, more cost-effective acquisition methods than under the current arrangements.

- 3.3 During September, Sector Treasury Management were commissioned to carry out an Options Appraisal on different financial methods of fleet acquisition and compare these against the cost of the Contract Hire. The alternative methods suggested are: - Operating Lease, Finance Lease & Borrowing.
- 3.4 Appendix 1 provides a snapshot of the appraisal exercise and demonstrates that a 'one size fits all approach' would not be in the Council's interest, but the flexibility of using all of the different methods depending on a number of factors including interest rates, residual values, vehicle capital cost, repayment term and the number and type of vehicles required, would provide the least expensive way forward.
- 3.5 The purchasing of these fleet items is governed by European procurement rules. It is therefore proposed that further efficiencies on procurement process could be made if the Operational Director Highways, Transportation & Logistics is authorised to agree terms with an established Central Purchasing Body (CPB) under the Public *Contracts* Regulations 2006. Provided the Council purchases from a CPB under arrangements that have themselves complied with the 2006 Regulations (advertising in EU etc) then there is no requirement on Halton to go through the advertising process again. The Council's Procurement Standing Orders (1.16) include a similar exception so there is no need for waiver of Standing Orders. When these CPB's advertise in the Official Journal of the EU they make it clear that they are seeking prices for vehicles and equipment for their own needs and to meet the needs of other public bodies.
- 3.6 A number of Local Authorities and Central Government departments have set up Procurement Organisations that have established fleet procurement frameworks that fully comply with the Public Contracts Regulations 2006. These include Eastern Shires, Yorkshire Purchasing and The Office of Government Commerce.

4.0 POLICY IMPLICATIONS

- 4.1 The Procurement Arrangement would be in line with the Council's Procurement Standing Order 1.15 and with key Objective 2 of the corporate Procurement Strategy: *"Deliver consistent and significantly better quality services that meet the identified needs of individuals and groups within Halton and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers"*.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The lowest cost options are highlighted in the funding appraisal in Appendix 1. A mixture of operating lease and borrowing produce the lowest revenue cost in all but one case where the Net Present Value was lowest, although in this case the differential is negligible.
- 5.2 Repeat funding by Contract Hire would cost more than £50,000 extra but the borrowing options would produce capital receipts estimated at £115,000.
- 5.3 The cheapest revenue option is still £27,000 more than current costs, all due to increased specification of the Welfare Fleet, however, this additional cost will be met by savings from extended use of Council vehicles and a reduction in the use of Taxis.
- 5.4 To ensure best value, the appraisal process will be repeated annually to identify the cheapest financing options.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

N/A.

6.2 Employment, Learning and Skills in Halton

N/A.

6.3 A Healthy Halton

N/A.

6.4 A Safer Halton

N/A.

6.5 Halton's Urban Renewal

N/A.

6.6 Corporate Effectiveness and Efficient Service Delivery

The proposals contained within this report will contribute to this Council Priority, in particular, Area of Focus 35 "Implementing and further developing procurement arrangements that will reduce the cost to the Council of acquiring its goods and services".

7.0 RISK ANALYSIS

7.1 The main risks associated with not replacing the contract expired fleet items would result in additional expenditure being incurred as a result of increasing maintenance and extended contract hire payments. Not replacing these vehicles on a timely basis will also risk non-compliance with Council's Carbon Management Programme in terms of the need to reduce exhaust tailpipe emissions. Inspecting the CPB's contract and advertising documentation would manage the risk that the intended Central Purchasing Body was offering arrangements that had not complied with the Public Contracts Regulations 2006.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no specific issues that are not addressed by following the approved and established procurement processes.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Working documents	Lowerhouse Lane Depot	Geoff Hazlehurst

HALTON OPTION APPRAISAL INFORMATION - 2008/2009 REVENUE COSTS

<u>Capital Expenditure</u> £	<u>Period</u>	<u>2007/2008 Current Hire Charges</u>	<u>Operating Lease</u>	<u>Finance Lease</u>	<u>Borrowing</u>	<u>Replacement Contract Hire Charges</u>	<u>Cheapest Revenue Option</u>
67,435.00	3 Years	16,438.56	14,646.88	24,100.59	23,648.78	18,333.00	14,646.88
218,920.00	5 Years	43,255.28	39,261.11	50,117.36	48,330.97	47,399.00	39,261.11
39,701.00	5 Years	7,626.84	7,762.74	9,088.75	8,764.79	8,055.00	7,762.74
120,000.00	6 Years	20,724.00	29,745.60	23,655.60	22,617.60	29,308.00	22,617.60
552,000.00	7 Years	57,463.96	112,056.00	96,335.04	91,339.44	97,224.00	91,339.44
520,526.00	7 Years	86,348.48	91,997.77	90,842.20	86,131.44	110,880.00	86,131.44
64,000.00	7 Years	11,721.36	9,466.25	11,169.28	10,702.72	9,960.00	9,466.25
1,582,582.00		243,578.48	304,936.35	305,308.82	291,535.74	321,159.00	271,225.46

Increase/Saving

-1,791.68

-3,994.17

135.90

1,893.60

33,875.48

-217.04

-2,255.11

27,646.98

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted