

**HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
13 December 2011

**From:** Scrutiny Committee 1

**Subject:** **POLICY REVIEW – LEASING OF COUNCIL VEHICLES – FINAL REPORT**

All Wards

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**1.0 SUMMARY:**

1.1 Between July and October 2011 the Committee undertook a review on the Leasing of Council Vehicles. This report sets out the Committee's findings, conclusions and recommendations.

**2.0 INTRODUCTION:**

2.1 Leasing of Council Vehicles was regarded as an appropriate topic for review with the current contract being due for renewal in 2012.

2.2 The Committee as a whole undertook the review and the terms of reference were:-

- Establish if the current method of procuring Council vehicles is appropriate;
- Determine if the current method of procuring Council vehicles provides value for money;
- Consider options for future procurement of Council vehicles.

2.3 The following evidence, arranged through the Enabling Officer, was provided at meetings of the Committee:

5 July 2011

- Agreed Project Plan.

6 September 2011

- Evidence gathering.

4 October 2011

- Concluded review.

**3.0 OTHER EVIDENCE**

3.1 The following Council officers also attended meetings of the committee to give evidence:

- Phillip Morton, Executive Director;
- Paul Staines, Operations Manager;
- Gary Brown, Waste Manager;
- Sue Seddon from the Procurement Team.

**4.0 FINDINGS**

4.1 The terms of reference of the review were aimed at answering the following key questions:

- What is the current policy of the Council and why is this so?
- Who is the policy aimed at, who is intended to benefit and how is this measured?
- What is central to the delivery of the policy (resources, stakeholder involvement, etc)?
- Is the current policy working (is it delivering the stated outcomes and do the recipients benefit)?
- Does the policy need to change – is it still valid?
- Can the policy and the service be improved – if so how?

- What impact will the policy have on other partners?

4.2 Based on the written and oral evidence presented, the Committee's findings were as follows:

4.2.1 The Committee established that in the past when the Council had significant capital receipts vehicles were purchased, but over the years the amount of capital receipts had diminished and therefore the method of procuring vehicles had to be looked at differently. When acquiring vehicles today a number of options were considered these being to lease, borrow money to purchase, use money from capital receipts to purchase and pay back or a hire maintenance agreement. Each time a replacement vehicle was required the method of procurement would be investigated and the most appropriate option chosen. In order to maximise the Council's financial position a combination of procurement methods could be possible; whatever was best for the Council at the time.

4.2.2 The Committee considered the leasing of vehicles and acknowledged that generally lease periods had shortened over time. The Committee questioned how leases differed and established there were operating leases and finance leases and that the Council was only permitted to use operating leases as determined by the Local Authority accounting rules; finance leases were not preferable as money had to be set aside, which was done deliberately as in the past local authorities had taken advantage of their flexibility.

4.2.3 The Committee recognised that the methodology of procuring vehicles would be the same for both Hambleton and Richmondshire District Councils'; however Hambleton had more flexibility as it had greater cash balances available. The Committee accepted that resources could be pooled in the future to acquire greater economy of scale with one authority paying for the leasing and the other paying a contribution. The Committee appreciated that the lease for vehicles at Richmondshire had been extended to coincide with the renewal of the Hambleton lease.

4.2.4 The Committee acknowledged that lessons had been learnt throughout the term of the current lease; for instance the need to specifically define the provision of replacement vehicles such as those for recycling purposes and the use of local sub-contractors to ensure prompt replacement or parts.

4.2.5 The Committee considered financial lessons learnt during the current lease period and recognised that evaluation in terms of the review process at the end of the contract had not been so good and this was something that would be improved in the future. Whole life costings needed to be considered, for example with leases being reduced to 4 years rather than 5 when the cost became too high in the fifth year. At Richmondshire the cost per mile to operate a vehicle was calculated, benchmarking was undertaken and the costs to operate the vehicle over its lifetime were calculated. A decision would then be made whether to keep, replace or decide if the vehicle was still required. As part of the shared services programme all vehicles would now be evaluated in this way.

4.2.6 The Committee established that there was the possibility of working with other local authorities to achieve greater value to money and acknowledged that some authorities produced a framework agreement and invited other local authorities to join them. In the past local authorities in Yorkshire could piggy back on each others deals, today any authority across the country could be considered.

4.2.7. The Committee determined that customer requirements would be considered before future vehicles were procured and that prior to the renewal of the recycling contract consideration would be given to recyclables, to assess their value and achieve the greatest income as well as establishing priorities for customers and Members.

4.2.8 The Committee concluded that the key to achieving value for money was allowing officers the flexibility to choose the best deal at the time.

## **5.0 CONCLUSIONS:**

### **5.1 What is the current policy/practice/procedure of the Council and why is this so?**

Each time a replacement vehicle is required the method of procurement is investigated to ascertain the most appropriate option.

### **5.2 Who is the policy/practice/procedure aimed at, who is intended to benefit and how is this measured?**

A combination of procurement methods can be utilised in order to maximise the Council's financial position.

### **5.3 What is central to the delivery of the policy/practice/procedure (resources, stakeholder involvement, etc)?**

Resources are central to the procurement of Council vehicles.

### **5.4 Is the current policy/practice/procedure working (is it delivering the stated outcomes and do the recipients benefit)?**

The current method of procuring Council vehicles is appropriate.

### **5.5 Does the policy/practice/procedure need to change – is it still valid?**

The procurement procedure does not need to change.

### **5.6 Can the policy/practice/procedure and the service be improved – if so how?**

The evaluation process and the end of a contract can be improved.

### **5.7 What impact will the policy have on other partners?**

The methodology of procuring vehicles would be the same for both Hambleton and Richmondshire District Councils'; with resources being pooled in the future to acquire greater economy of scale.

### **5.8 From the evidence received the Committee concluded that the current approach to procuring Council vehicles was appropriate; however the evaluation process at the end of a contract could be improved.**

## **6.0 RECOMMENDATIONS:**

### **6.1 To recommend to Cabinet that the:-**

- (1) the current method to procuring Council vehicles continues; and
- (2) evaluation process at the end of a contract be improved.

COUNCILLOR G W ELLIS  
CHAIRMAN

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