

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	3832
Author:	Mark Garlick
Department:	Development and Growth
Contact:	Mark Garlick (Job Title: Team Leader: Public Transport Operations, Email: mark.garlick@nottinghamcity.gov.uk, Phone: 01158764675)
Subject:	Two-year lease of two surplus BYD electric buses to CT4N Limited for use on its contract service
Total Value:	£52,000 (Type: Revenue)
Decision Being Taken:	To approve the two-year lease of two surplus Council-owned BYD electric buses to CT4N Limited for use as a contract service for SEGRO at the East Midlands Gateway development. The two buses will provide an intra-site shuttle bus at the development. Each bus is being leased to this operator for £250 per week, with an income of £52,000 over the lease term. The lease rate have been determined from the market rates for the hire of buses from lease companies. The prices will be reviewed at regular intervals.
Reasons for the Decision(s)	The two BYD electric buses became surplus to the Council's Link bus fleet when Park and Ride services to Queens Drive and the Racecourse were taken over by Nottingham City Transport on a commercial basis. The new operator replaced these with gas-powered double-deck buses. Eleven other BYD electric buses from the services will be redeployed onto the Medilink service and Locallink L12 service, where the use of high capacity single deckers is urgently required for the routes. The decision enables the Council to fully utilise the buses that are no longer being used and to receive a market rate income to cover their costs.
Other Options Considered:	1) The two buses be retained as additional vehicles for the Medilink and L12 services: this would exceed the true vehicle requirement for the fleet, so the buses would incur costs and not generate any income for the Council. For this reason, this option is rejected. 2) The buses be sold on the open market: as electric buses, there is still a very limited re-sale market for them, and they would not realised a good market value at this time. For this reason, this option was rejected.
Background Papers:	None

Published Works:	None
Affected Wards:	Citywide
Colleague / Councillor Interests:	None
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	None
Equality:	EIA not required. Reasons: The decision does not represent a change to a policy, service or function.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	26/03/2020
Advice Sought:	Legal, Finance, Procurement
Legal Advice:	<p>The proposals in this report seek to utilise existing Council vehicles that are surplus to requirement within the fleet. It is understood the vehicles were purchased using external funding and so must remain within the Council's ownership and so alternative options are not available at this time. The leasing of the vehicles will provide the Council with a market-rate income that will enable it to realise the value in the vehicles and cover the costs of the vehicles, including support and maintenance. An arrangement should be established with the chosen lessee, market rate should be reviewed, as should the value and cost of the vehicles during the term, so to ensure this approach is the most cost efficient to the Council during the arrangement.</p> <p>Advice provided by Dionne Claire Screamon (Solicitor) on 25/02/2020.</p>
Finance Advice:	<p>The decision to lease two surplus BYD electric buses from the Council's bus fleet to CT4N over the lease period (1 October 2019 to 30 September 21) will generate revenue income amounting to £13,000 in the 2019/20 financial year, £26,000 in the 2020/21 financial year and £13,000 in 2021/22 financial year. The income generated will contribute to the existing £1,011,000 on-going contract link bus savings within Public Transport's revenue budget, approved in the 2019/20 Medium Term Financial Plan.</p> <p>Advice provided by Roma Patel (Commercial Business Partner) on 14/10/2019 (reviewed and updated 26/02/2020).</p>

Procurement Advice:

There are no procurement implications in relation to this decision.
Advice provided by Lauren Wheatcroft (Procurement Officer) on 07/01/2020.

Signatures

Adele Williams (Portfolio Holder for Adult Care & Local Transport)
SIGNED and Dated: 19/03/2020
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 17/03/2020