

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	5006
Author:	Kevin Lowry
Department:	Growth and City Development
Contact:	Kevin Lowry (Job Title: Interim Director of Housing, Email: kevin.lowry@nottinghamcity.gov.uk, Phone: 07808281355)
Subject:	Purchase of Nottingham City Homes (NCH) Fleet
Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	£1.12m (Type: Capital)
Decision Being Taken:	As part of the transfer of the Housing Service from NCH to the Council, NCC need to purchase the fleet from NCH. The decision is to agree to the purchase at £1.12m which will come from the PSH Capital Programme.
Reasons for the Decision(s)	The delivery of the Council Housing Service transferred from NCH to NCC on 31 March 2023. As part of that delivery NCH run a fleet of 288 vehicles. These are used primarily for the repairs and maintenance service but also cover the Independent living service and pool vehicles. The value has been assessed by NCC who have held the contract for maintaining the vehicles and so have extensive knowledge of the age and condition. NCC considered the options of lease or purchase of the vehicles and concluded that purchase was the best options as the fleet will need to be replaced within a few years of transfer. NCH cannot simply assign the fleet to NCC as this would be a distribution of assets which is not permissible under NCH's articles.
Other Options Considered:	Assignment of fleet assets was dismissed as this would be distribution of assets which is not permissible under NCH's Articles. Leasing was considered. Rejection included the comparatively short period that this fleet will be retained as the fleet is in need of replacement (provision has been made in the Capital Programme for replacement). Other factors for rejection of the lease option are the varying conditions and mileages the vehicles are at meaning an evaluation would be required on all 288 vehicles to establish a baseline lease value and lease length per vehicle.

Background Papers: **None.**

Published Works: **Executive Board 28 April 2022**

Affected Wards: **Citywide**

Colleague / Councillor Interests: **None**

Consultations: **Those not consulted are not directly affected by the decision.**

Crime and Disorder Implications: **None applicable.**

Equality: **EIA not required. Reasons: It relates to vehicle transfer ownership and has no impact on service or policies.**

Decision Type: **Leader's Key Decision**

Subject to Call In: **No**

The call-in procedure does not apply to the proposed decision because the delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The Chair of the Overview and Scrutiny Committee (or Vice-Chair) in his/her absence has been consulted and agreed both that the decision proposed is reasonable in all circumstances and that it should be treated as a matter of urgency.

Person Consulted: Councillor Sam Gardiner

Consultation Date: 03/04/2023

The purchase of the NCH assets (fleet) should be concluded by 31 March as NCC will be using the vehicles for service provision from 1/4/23.

Advice Sought: **Legal, Finance, Procurement**

Legal Advice:

This report seeks a decision to purchase a fleet of vehicles from NCH as part of the transfer of the Housing Service Operation to NCC. It is understood that this purchase of the fleet of vehicles is part of that transfer process but has been delayed for various reasons. I am told that the vehicles are already in the possession of NCC and the legal ownership is in the process of being transferred through the relevant V5's, which should effect the transfer of legal title from NCH to NCC. UPDATE (17.7.23) - the vehicles have now all been legally transferred.

I have seen a spreadsheet listing 289 vehicles to be included in the purchase which should allow colleagues to assess whether NCC is securing best value in the circumstances.

Broadly speaking, subject to securing best value and ensuring effective transfer of legal ownership, the proposal itself present no significant legal issues.

This is proposed to be a LKD. I am informed that the exceptional circumstances and reasons why this decision cannot be taken at a scheduled meeting are that the transfer of vehicles should have taken place before 31 March 2023 and the delay creates issues for NCH who have to account for the money as part of their fiduciary duties. Continued delays mean NCH cannot undertake their year end closedown which, in turn, creates problems for the Council. UPDATE (17.7.23) - NCH year-end closedown is still in process and they are still waiting for payment from the Council.

Anthony Heath, Senior Solicitor, 19th April 2023
UPDATED ADVICE - Anthony Heath, Senior Solicitor, 17th July 2023

Finance Advice:

The HRA Capital Programme approved at February 23 Executive Board included an indicative amount for the purchase of fleet and its replacement at £2.0m over the MTFP. The expenditure within this decision is currently classified in the Planned Section of the Capital Programme, with the £2.0m funded by HRA Capital Receipts.

Following the approval of this decision £1.12m of the fleet project will move into the approved Capital Programme for the purchase of the vehicles. While the fleet replacement element will remain in the Planned Section of the Capital Programme until a replacement programme is agreed.

This project has been endorsed by Capital Board.
Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 14/07/2023

Procurement Advice:

As NCH are an NCC company covered by the Teckal rules within the Public Contract Regulations this purchase raises no significant procurement issues and can proceed. Advice provided by Steve Oakley (Head of Contracting and Procurement) on 14/07/2023.

Signatures:

David Mellen (Leader/ PH Strategic Regeneration & Communications)
SIGNED and Dated: 09/08/2023
Sajeeda Rose (Corporate Director of Growth & City Development)
SIGNED and Dated: 02/08/2023