

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	3647
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Department:	Development and Growth
Contact:	Mark Garlick (Job Title: Team Leader: Public Transport Operations, Email: mark.garlick@nottinghamcity.gov.uk, Phone: 01158764675)
Subject:	Sale of Council-owned diesel buses that have been used on the Locallink and Worklink Contracts
Total Value:	£120,000 one-off income from the sale of 9 surplus buses (Type: Capital)
Decision Being Taken:	To sell 9 diesel buses that have previously been used on the Locallink and Worklink contracts and are now surplus to requirements.
Reasons for the Decision(s)	<p>The need for budget savings in 2019/20, and the years that follow, requests that £1,011,000 in savings is made from public transport budgets each year. These savings have led to a trimming of the Link Bus network, which allows the authority to withdraw its oldest buses in the fleet. These are diesel buses, and taking them out of service will mean that the Council will be operating with an exclusively electric tendered bus fleet. The sale of these surplus buses is expected to bring in around £120,000 for the Council, and there should be a ready market for this type of smaller bus.</p> <p>Until the vehicles are sold, they will incur a weekly storage and insurance costs of £137 per vehicle. This is around £5,000 per month across the 9 vehicles. A timely and efficient sale of the vehicles at the end of their time in service would keep this overhead cost to a minimum.</p> <p>As the vehicles are standard diesel buses, it is expected that a ready buyer can be found in the second-hand market.</p>
Other Options Considered:	<p>The vehicles will become surplus to requirements, with more efficient use of the electric bus fleet. There are no plans to retain the vehicles for any period of time. To retain each bus, in a mothballed state, would incur £137 a week in storage and insurance costs. This is equivalent to about £5,000 a month across the 9 buses. Therefore this option was rejected.</p> <p>There are no proposals/opportunities for the redeployment of these buses within the council's subsidised bus network. Therefore this option was rejected.</p>

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 relate to a changing service, policy or function.**

Relates to Council Property Assets: **Yes**

Decision Type: **Portfolio Holder**

Subject to Call In: **Yes**

Call In Expiry date: **26/09/2019**

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

Legal Advice:

The proposals in this report raise no significant legal issues and are supported.

The Council has the power under the Localism Act 2011 to do anything that individuals generally may do which can therefore include sale of its assets.

The assets are no longer required by the Council and so will incur wasted storage and insurance costs if they continue not to be used. The sale will be managed by the procurement team to secure the best possible income to the Council, which shall further the Council's commercialism objective and help to reduce the budget pressure with respect to this area. It will also support the Council's carbon reduction agenda in reducing the number of diesel powered vehicles in the Council's fleet. Advice provided by Dionne Claire Screamon (Solicitor) on 25/06/2019.

Finance Advice:

The buses looking to be disposed of were purchased in 2008/09 and 2010/11, therefore all of the buses have been fully depreciated within the Council's balance sheet (i.e. £nil carrying value). All of the buses were acquired using capital grants therefore there is no debt outstanding on these vehicles.

Transport Strategy are to ensure that grant conditions have been complied with and the Council has the authority to dispose of the buses without risk of grant clawback.

The receipt received upon disposal is required to be credited corporately. Then depending on the actual receipt for each vehicle, the credits will be allocated as follows:

- 1) Gross receipt under £10,000, the receipt and costs of disposal will be transferred into Transport Strategy revenue account,
- 2) Gross receipt £10,000 and over, the receipt is a corporate receipt and will be allocated to reduce the pressures within the current capital programme.

Should the disposal of any of the 9 diesel buses exceed £10k and therefore be treated as capital, revenue pressures will be met by WPL reserve for 19/20 financial year.

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 29/07/2019.

Property Advice:

There are no property or land issues that arise from this proposal. The vehicles require suitable storage space with inspection facilities that will be provided by the existing Maintenance Provider in Mansfield. These facilities are not available within the existing Council estate.

Advice provided by Tanya Najuk 24/07/2019 Advice provided by Tanya Najuk (Head of Strategic Asset Management) on 25/07/2019.

Procurement Advice:

Procurement colleagues will assist with the sale of the buses to ensure that we receive the highest amount of money from the sale. Advice provided by Paul Ritchie (Lead Procurement Officer) on 12/06/2019.

Signatures

Adele Williams (Portfolio Holder for Adult Care & Local Transport)
SIGNED and Dated: 18/09/2019

Chris Henning (Corporate Director for Development and Growth)

SIGNED and Dated: 04/09/2019