

Decision Maker: Environment Portfolio Holder

Date: 18th February 2015

Decision Type: Non-Urgent Executive Non-Key

Title: LEASE CAR ACCIDENT DAMAGE REPAIRS

Contact Officer: Paul Chilton, Transport Operations Manager
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

The report recommends the use of the Vehicle & Plant Maintenance and Associated Transport Services contract provided by Kent County Council (Commercial Trading Services) to undertake lease car accident repairs for the period 1st February 2015 until the end of the contract on 5th April 2017.

2. **RECOMMENDATION**

2.1 **That lease car accident repairs are undertaken by Kent County Council (Commercial Trading Services) for the period from 1st February 2015 until 5th April 2017, at an estimated value of £130k.**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost: £130k based on projected spend from current year
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Funded through Insurance fund
 4. Total current budget for this head: £60k pa
 5. Source of funding: Insurance fund
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Staff

1. Number of staff (current and additional): 1 fte
 2. If from existing staff resources, number of staff hours: 36hrs per week
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 163
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No Not Applicable
2. Summary of Ward Councillors comments: None

3. COMMENTARY

- 3.1 The Council has a contractual obligation to provide vehicles to eligible staff who take up the offer of a leased car. Lease cars are obtained through a Crown Commercial Service framework which Members approved the use of at the Executive Meeting on 20th June 2012.
- 3.2 Lease cars are insured by the Council whilst in service and the Council is therefore responsible for ensuring that damage is properly repaired and the vehicle restored to a roadworthy condition. The vehicle repair process is managed by Transport Operations on behalf of the Insurance Section.
- 3.3 A tender process for lease car bodywork repairs was undertaken during November 2013 however there was no response to the tender. To ensure that the Council continued to meet its obligation to repair any accident damage to lease cars during the period of the hire agreement, it was proposed to utilise the existing Council's vehicle maintenance contract held by Kent County Council, to carry out such work. This was agreed by Chief Officers in January 2014 on the basis of a 1 year trial.
- 3.4 The arrangement commenced in February 2014 and during the period from February 2014 to December 2014, 37 vehicles have been submitted to the workshop for accident repair work.
- 3.5 The arrangement has proved successful, particularly the following reasons;
- Costs have remained competitive
 - Quality of repairs has been of a high standard with only one occasion where minor re-work was required
 - Vehicle turn-around has remained acceptable throughout
 - The speed of obtaining estimates and documentation for insurance purposes has met the Council's requirements
 - Payment of excesses by the drivers has been easily facilitated by KCC.
 - The workshop is an approved repairer for Zurich Municipal Insurance which is the Council's motor insurer.
 - The current contract includes a clause relating to the provision of vehicle bodywork repairs which covers the requirements of this recommendation.
 - The KCC workshop upholds its quality accreditation with industry ISO9001 and PAS125 standards.
- 3.6 The following rates have been submitted by KCC to undertake bodywork repairs: -

Labour	£32.50 per hour
Parts	Retail less 10%
Recovery from roadside (i.e. RTA)	At Cost
Collection/Delivery Client premises	Free of Charge
Courtesy Car	£20 per day
Single Vehicle Repair Estimate (at LBB Premises)	£15
Multiple Vehicle Repair Estimates (at LBB Premises)	Free of Charge

Vehicle Repair Estimates (at CTS Premises)	Free of Charge
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- 3.7 KCC have proposed to provide the service with no increase in the rates until April 2016 and then propose to apply the maintenance contract RPI increase to the labour rate, for the final year.
- 3.8 It is not anticipated that current market conditions offer any advantage in tendering the service, particularly in the light of the competitive rates offered by KCC and the associated tendering costs.
- 3.9 The decision requires approval by the Portfolio Holder in accordance with the Council's financial procedures and regulations.

Performance and Service Improvements

- 3.10 The contract is managed by the Transport Operations Manager, reporting to the Assistant Director, Streetscene & Greenspace.
- 3.11 The lease car fleet is managed by the Transport Operations section, in conjunction with colleagues in Corporate Finance, HR and Insurance.
- 3.12 The contract has operated successfully with the wider fleet since its commencement in April 2010. The KCC workshop understands the business requirements for lease car fleets in the context of local authority services and the importance of rapid turn-around and down-time minimisation.

4. POLICY IMPLICATIONS

- 4.1 The purpose of the car leasing scheme is to support the recruitment and retention of a quality workforce, as described in section 6.
- 4.2 The current lease car fleet is allocated as below:

Department	Number of Vehicles
Education, Care & Health	112
Environment & Community	21
Chief Executive	30
Total	163

5. FINANCIAL IMPLICATIONS

- 5.1 The original Vehicle and Plant Maintenance and Associated Transport Services contract was agreed by the Environment Portfolio Holder on 29th January 2010. The cost of this part of the contract is funded from budgets held in departments across the Council.

5.2 This report is recommending that the current arrangement for car bodywork repairs for leased cars is extended further and aligned with the end of the overall vehicle maintenance contract in April 2017 and is subject to CPR 13 and 23.7. The estimated value of this extension for leased cars is £130k and will be funded from the insurance fund.

5.3 The estimated total contract value is provided below: -

	Estimate £'000
Estimated value of vehicle maintenance & transport services contract 6 Apr 2010 to 5 Apr 2017	770
Previous waiver value for maintenance of leased cars (Feb 2015 to Jan 2015)	60
Estimated waiver value for maintenance of leased cars (Feb 2015 to 5 Apr 2017)	130
Latest total contract value	<u>960</u>

5.4 For repairs over a total value of £1.5k, the insurance section engages an independent engineering assessor to verify the estimate for the repair. The engineer is empowered to re-negotiate the cost on behalf of the Council. A fee per job is paid to the assessor, funded by the insurance section.

5.5 Lease cars operate under the Council's Motor Insurance Policy and depending on the circumstances of each accident, the full costs of repairs may be recovered from third parties.

5.6 Under the terms and conditions of the lease car scheme, drivers are required to pay the excess direct to the repairer. The lease car officer will ensure that this payment is made by the driver concerned before the vehicle is repaired at the KCC workshops. This is currently paid by card transaction.

6 PERSONNEL IMPLICATIONS

6.1 Drivers are supported by robust procedures covering any damage incident. These were revised in 2013 by Finance Officers, in conjunction with Transport Operations Manager who manages the repair contract.

6.2 Approval was given by Finance and Service Committee in December 1986 for the introduction of a car leasing scheme for Chief Officers and officers graded PO4 and above as part of a recruitment and retention initiative.

6.3 In October 1987 the scheme was extended to officers graded PO2/PO3 and to officers on an essential user car allowance whose annual business mileage was 4,500 business miles or over. The scheme was extended from January 1990 to include certain posts within Social Services where difficulties in recruiting and retaining staff were being experienced. In January 1995 the qualifying mileage threshold was increased to 8,500 business miles per annum and this together with other changes meant that the scheme became retention based instead of linked to grades. The eligibility base for a leased car for new staff was reduced by one third.

6.4 Under current staff terms and conditions of employment the council has a contractual obligation to provide a leased car to eligible employees who opt to join the scheme. In line with contract law/employment law any variations to the current arrangements will be subject to extensive

consultations with the relevant workforce and their trade union representatives. However the Council may terminate the lease car scheme or any individual agreement on giving six months notice, in the event of any significant change which would make continuation of the agreement detrimental to the Council's interests.

7. LEGAL CONSIDERATIONS

- 7.1 Motor vehicle accident repairs must be undertaken to a standard to ensure compliance with the Road Vehicles (Construction and Use) Regulations 1986

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	Waiver re; Use of Vehicle & Plant Maintenance, Repairs & Associated Transport Services Contract for Lease Car Bodywork Repairs.