

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	19 March 2019
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Purchase of Permanently Mounted Gritters (PMGs) and new Hire Arrangements
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an update on actions taken by Roads and Transportation Services in accordance with section 9 of the Standing Orders on Contracts to secure the Council's winter maintenance provisions as a result of the Council's contracted gritter hire company, Gullivers Truck Hire Limited. ("Gullivers"), going into administration in December 2018.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the actions taken as a result of Gullivers being placed into administration be noted.

3. Background

3.1. Roads and Transportation Services operates a variety of vehicles in order to fulfil the Council's statutory duty to take reasonable steps to keep roads free from ice and snow. A range of different sized vehicles are used for this purpose and, in addition to those which the Council lease, this winter season, thirteen of the larger gritting vehicles were hired from Gullivers. These hire arrangements were secured via a nationally used Scotland Excel Framework.

3.2. In December 2018, the Council were notified by Gullivers that they had been placed into administration and that KPMG had been nominated as the Administrators. Shortly afterwards, the Council were advised by KMPG that Gordon Brothers Limited had been nominated as agents on their behalf in order to collect and/or sell the formerly hired vehicle assets.

3.3. Gordon Brothers further advised the Council that four of the vehicles had been sold to Go Plant Limited, but offered the Council the opportunity to purchase the remaining nine vehicles, provided that the sale was concluded on or before 11 January 2019.

4. Actions Taken

4.1. Options were fully assessed before the decision was taken regarding the most appropriate course of action.

- 4.2. Other gritter hire companies on the Scotland Excel Framework were contacted, in addition to further enquiries made to other non-framework hire companies to determine whether suitable equivalent vehicles were available. This exercise demonstrated that there were no suitable alternative gritter hires available.
- 4.3. The used vehicle market was examined and a number of gritting vehicles were identified, however, these vehicles were generally old and, therefore, would have represented a significant risk for the Council in terms of their suitability and reliability.
- 4.4. It should be noted that the option of purchasing new vehicles could not be considered as a viable option given that the build time for such vehicles is typically around 12 months and the Council had an urgent need to secure suitable gritting vehicles.
- 4.5. The nine vehicles offered for sale to the Council were priced at £38,500 ex VAT each (£346,500 in total), substantially below the estimated market value of £48,000 to £50,000 each. Additionally these vehicles were typically 4 years old, with a considerable useful working life ahead of them. Given that the Council had also been operating these vehicles for some time on a hired basis, their operational capabilities and maintenance standards were well understood. On that basis, the purchase of these vehicles represented good value, did not unduly expose the Council to additional risk and was therefore the best option available.
- 4.6. Approval was sought to terminate the hire contract for the nine PMGs and to purchase these nine vehicles using the negotiated tender route. Additionally, approval to enter into the purchase contract on the basis of English law and jurisdiction had to be sought as this was stipulated by the seller. This authorisation was given by the Executive Director (Community and Enterprise Resources), Head of Administration and Legal Services and Head of Roads and Transportation Services.
- 4.7. In regard to the four gritting vehicles now owned by Go Plant Limited, authority has been granted to terminate the previous hire contract for the four vehicles with Gullivers and to enter into a negotiated contract with Go Plant Limited on the basis of English law and jurisdiction. Go Plant Limited will hire these vehicles to the Council at the same rates as the previous contract with Gullivers. A new contract with Go Plant Limited is being finalised for this purpose.

5 Employee Implications

- 5.1 There are no employee implications associated with this report.

6. Financial Implications

- 6.1 The vehicle purchase and hire costs will be met from existing revenue budgets.

7 Other Implications

- 7.1 Failure to have in place suitable gritting resources creates risk to life and would make it difficult for the Council to comply with its statutory duty to have suitable steps in place to keep roads free from ice or snow. It was, therefore, necessary to secure suitable gritting vehicles as quickly as possible in order to ensure continuity of service provision.
- 7.2. There are no sustainability issues associated with this report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1 There was no requirement to undertake an equality impact assessment or consultation in terms of the content of this report.

Michael McGlynn

Executive Director (Community and Enterprise Resources)

20 February 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Making communities safer, stronger and sustainable
- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- Request for Authority to terminate hire contract and negotiate contract to purchase permanently mounted gritters (8 Jan 2019).
- Request for Authority to terminate hire contract and negotiate contract to hire permanently mounted gritters (24 Jan 2019).

Contact for Further Information

If you would like further information, please contact: -

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