

**Forward Plan reference number:** *FP 220/11/21*

<b>Report title:</b> Procurement of Commercial Vehicles and associated maintenance services	
<b>Report to:</b> Councillor Christopher Whitbread - Cabinet Member for Finance, Resources and Corporate Affairs’.	
<b>Report author:</b> Debbie Knopp, Director Transformation Delivery and Support	
<b>Date:</b> 3 <sup>rd</sup> March 2022	<b>For:</b> Decision
<b>Enquiries to:</b> Garry Plummer, Fleet Manager or Sharon Harrington Head of Business Support	
<b>County Divisions affected:</b> All Essex	

### **Confidential Appendix**

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

## **1 Everyone’s Essex**

- 1.1 This report seeks approval to proceed with the procurement and award of a contract for the provision of leased commercial vehicles and short-term hires together with all the associated maintenance and fleet management services as the existing contract is due to expire on the 31<sup>st</sup> October 2022.
- 1.2 Essex County Council (ECC) utilises specialist commercial vehicles and short-term hire of vehicles in the delivery of services to Essex residents. Mainly but not limited to minibuses, wheelchair access minibuses and library van type vehicles.
- 1.3 The current and future contracts make provision for the commissioning of electric vehicles where appropriate, in line with our Everyone’s Essex organisational strategy.

## **2 Recommendations**

- 2.1 Agree to go out to the market to procure a single provider of leased commercial vehicles, short term hires, maintenance services and fleet management services for a period of 3 years with the option to extend for a further two 12-month periods (A maximum contract duration of 5 years) at an estimated cost of £4.5m over the 3 years.
- 2.2 Agree to using the single stage open procurement procedure, applying high level evaluation criteria of 70% price, 30% quality of which 5% will be social value.

- 2.3 Agree to delegate to the Executive Director, People and Transformation to award the contract to the winning bidder following completion of the procurement process, subject to the price being contained within the available budget.

### **3 Background and Proposal**

- 3.1 ECC has a contract with SHB Hire Ltd (subsequently purchased by Enterprise) for the provision of leased commercial vehicles, short term hires, fleet management and maintenance services. In accordance with the terms of the contract, ECC has exercised the option to extend the contract for a period of 6 months, the contract is now due to expire on 31<sup>st</sup> October 2022.
- 3.2 ECC leases approximately 137 vehicles through its current contact with Enterprise. The vehicles are a mixture of mobile libraries, mobile youth centres, wheelchair accessible minibuses, standard minibuses, people carriers, vans, and pick-ups.
- 3.3 In addition, ECC hires vehicles on approximately 1,000 occasions per year. The length of hire varies between one day and two months. Officers use these vehicles to carry out ECC business or they are used to replace or provide additional support where required. There is an ongoing need for vehicle leasing, hire and the management and maintenance services beyond 31<sup>st</sup> October 2022.
- 3.4 It is proposed that ECC go out to the market to procure replacement services through a single stage open procurement process. In preparation for developing options for future delivery, the current contract was thoroughly reviewed, and existing frameworks were considered as a procurement options. Following the review ECC's requirements and the existing public sector frameworks available, it appears that not all elements of ECC's requirements can be fulfilled, as outlined in Option 2 Section 5.2 below.
- 3.5 Exploration of alternative delivery methods including cost and operational impact of each, and the future requirement for electric vehicles, this report recommends the procurement of a new contract specific to ECC's requirements. It will be requirement of the contract that to allow for ECC to lease electric vehicles to allow for ECC to pursue its ambition to have a fleet of electric vehicles as and when the infrastructure and vehicle market is established appropriately. If the contracted supplier is unable to provide a vehicle that meets ECC's needs, these can be commissioned from another supplier, as ECC will not be under an obligation to source these from the appointed provider.
- 3.6 Due to existing contractual obligations with Enterprise and Enterprise's predecessor VLS, a number of vehicles will continue to be leased from Enterprise and VLS until the expiry of each individual vehicle lease. Over the course of the new contract these agreements will expire with the exception of two long-term leases of mobile library vehicles which run to 2027. Enterprise and VLS will continue to maintain and manage these vehicles on behalf of ECC until expiry. There are no risks associated with this and it is standard practice, the contract terms and conditions will continue until the individual vehicle contract ends (including both servicing and maintenance)

3.7 The timeline of the procurement process proposed is below:

- Commencement - April 2022;
- Return of bids - May 2022;
- Contract Award – June 2022
- Contract Commencement – 1<sup>st</sup> November 2022

3.8 Only bids which meet the minimum standard criteria (as set out in the procurement documents) will be evaluated, this will ensure that only providers demonstrating that they can deliver the service to the required standard will be formally evaluated. It is proposed to use weightings of 60% Price and 35% Quality and 5% Social Value split for the tender.

3.9 Following the procurement exercise, it is proposed to that the Executive Director, People and Transformation award the contract and that it be for a period of 3 years with the option to extend for two further periods of 12 months subject to satisfactory performance.

3.10 ECC will not be under an obligation to use the contract once procured and ECC will not guarantee a minimum number of vehicles to be leased.

#### **4 Links to our Strategic Ambitions**

4.1 This report links to the following aims in the Essex Vision:

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

4.3 Within the contract specification provisions will be made to ensure that ECC can within the realms of the contract peruse its ambition to when the infrastructure and vehicle market is established appropriately. If the contracted supplier is unable to provide a vehicle that meets ECC's needs, we can commission from another supplier.

4.4 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive, and sustainable economy
- A high-quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

## 5.0 Options

- 5.1 Option 1 Recommended** Seek to procure a single provider of leased commercial vehicles, short term hires, maintenance services and fleet management services for a period of 3 years with the option to extend for two further 12 month periods subject to performance.
- 5.1.1 Advantages** The advantages of this approach are that ECC can achieve value for money through the contract by accessing design experts which ensures that specifications for specialist vehicles make best use of technology and comply with current and upcoming legislation. There will be a single point of contact across all the vehicle services, which will simplify contract management. Additionally, this approach allows ECC immediate access to a relief fleet of vehicles which is key in ensuring the ongoing delivery of operational services.
- 5.1.2** It will allow ECC the opportunity to source electric vehicles and start to move its fleet to electric vehicles
- 5.1.3** There may be opportunities to drive further savings during the tender process reducing the specification of some vehicles under the contract; if it is assessed that this will not affect the quality of provision.
- 5.1.4** This option provides continuity for ECC maintaining the existing provision of the services, with the flexibility to include the introduction of electrical vehicles to the future of the fleet.
- 5.1.5 Disadvantages:** The disadvantages to this approach are that there would be a single provider of vehicles to ECC, which may offer less competition on procurement of individual vehicles. Market engagement has shown that using a public sector framework could potentially deliver savings compared to procuring from our existing contract, although it is not possible to compare on a fully like for like basis considering the cost of providing relief vehicles and maintenance and management services.

**Option 1 is the recommended option.**

- 5.2 Option 2 (not recommended)** Procure leased commercial vehicles and short-term hire vehicles from an existing public sector framework and manage the fleet inhouse.
- 5.2.1 Advantages:** This option allows ECC to seek best value on every vehicle we procure because a competition will be held for each requirement. It is estimated that there could be some savings in relation to the direct cost of supplying vehicles through a framework agreement; however, the cost of securing relief vehicles would be incurred in addition to this. The cost of providing maintenance

and management services in-house has been estimated and included with the financial appraisal; however, these cannot be quantified with certainty

- 5.2.2 **Disadvantages:** This option would lose ECC's ability to call on relief vehicles at short notice or would be required to pay a premium for relief vehicles. ECC would also lose the ability to utilise specialists for technical and legislative content to co-create specifications potentially increasing the cost of vehicles or need to buy in consultants to complete complex vehicle specifications. Additional staff would be required to manage the fleet and short-term hire requirements.

### **5.3 Option 3** Outright purchase of fleet and provision of in-house fleet management

- 5.3.1 The indicative costing show that this approach is likely to be more expensive to ECC than recommended approach due to borrowing costs and would require additional staffing compared to other options.

### **5.4 Option 4**

- 5.4.1 Do nothing. This is not an option as there is an ongoing requirement for commercial vehicles for ECC and the existing contract expires 31<sup>st</sup> October 2022 with no further extension available.

## **6 Issues for consideration**

### **6.1 Financial Implications**

- 6.1.1 The annual spend for the contract is currently approximately £1.5m (total spend across the three years is expected to be £4.5m). The budget for the contract is not held centrally as costs are charged back to the relevant service areas that use the vehicles; however, as the MTRS is set based on current spend by individual areas a pressure is not expected to arise if the cost of the new contract is contained within the existing financial envelope. The estimated costings of each option compared to current provision can be found within the Confidential Appendix.
- 6.1.2 Overall, the preferred option of a single provider (recommended in para 5.1) is assumed to provide a cost neutral solution at present (based on the scope and specification of the existing contract) pending the outcome of a competitive tendering process.
- 6.1.3 Using a framework provision instead of a single provider could potentially deliver savings; however, it is not possible to quantify this with certainty on a like for like basis. Overall, it is considered that any likely savings would not outweigh other considerations of value for money, including the opportunity to more directly specify the quality of the vehicles to be procured and the timeliness in which they could be procured.

### **6.2 Legal implications**

- 6.2.1 Essex County Council is a Contracting Authority for the purposes of the Public Contract Regulations 2015 (“PCR”) and it must comply with the PCR when purchasing these services.
- 6.2.2 As the value of the proposed service is above the financial threshold for the purposes of the PCR (currently set at £214,377 including VAT), ECC will need to carry out a full OJEU compliant procurement process in accordance with the regulations.
- 6.2.3 The vehicles will be leased from the appointed provider and ECC will not own the vehicles. The appointed provider shall also be responsible for the maintenance of the vehicles.

## **7 Equality and Diversity Considerations**

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
  - The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

- Equality Impact Assessment
- Confidential Appendix

## **9 List of Background Papers**

- 10 None.

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs</b>	<b>04.05.2022</b>

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Pam Parkes, Executive Director People and Transformation</b> <b>Insert name and title of Executive Director consulted</b>	<b>04.05.2022</b>
<b>Executive Director, Corporate Services (S151 Officer)</b> <b>Stephanie Mitchener on behalf of Nicole Wood</b>	<b>11.03.2022</b>
<b>Director, Legal and Assurance (Monitoring Officer)</b> <b>Laura Edwards on behalf of Paul Turner</b>	<b>03.03.2022</b>