

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 27 MAY 2014**



**REPORT OF: MRS HELYN CLACK, CABINET MEMBER FOR COMMUNITY SERVICES**

**MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES**

**LEAD OFFICER: RUSSELL PEARSON, CHIEF FIRE OFFICER, SURREY FIRE AND RESCUE**

**JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES**

**SUBJECT: PURCHASE OF 1 AERIAL LADDER AND 1 TURNTABLE LADDER VEHICLES**

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#### **SUMMARY OF ISSUE:**

Surrey Fire Authority provides the best equipment possible to support frontline fire and rescue activity. The equipment provided meets the operational assessment of how to provide the best outcomes for the residents of Surrey.

A review of the Working at Height strategy for Surrey Fire and Rescue Service (SF&RS) has identified there is a requirement to replace the existing Aerial Ladder vehicles to ensure that Surrey's fire-fighters have the best possible equipment for the benefit of Surrey residents.

This report provides details of the procurement process to award two separate contracts for one Aerial Ladder Vehicle and one Turntable Ladder Vehicle, including the results of the evaluation process, and in conjunction with the Part 2 report, demonstrates why the recommended contracts offer best value for money.

Due to the commercial sensitivity involved in the contracts award process, the names and financial details of the potential suppliers have been circulated as a Part 2 report.

#### **RECOMMENDATIONS:**

It is recommended that Contracts are awarded to the preferred supplier as agreed on the basis set out in the Part 2 report.

#### **REASON FOR RECOMMENDATIONS:**

A full tender process for the purchase of one Aerial Ladder Vehicle and one Turntable Ladder Vehicle, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

## **DETAILS:**

### **Background and Procurement Strategy**

1. The procurement objectives are to ensure that Surrey's fire-fighters have the best possible equipment for the benefit of Surrey residents. This has been determined following a review and development of user requirements linking in to the Service Strategy and Public Safety Plan. The procurement of these vehicles is a planned element of the Surrey Fire and Rescue Services vehicle and equipment replacement programme. This is to ensure that Surrey's fire-fighters have the best possible equipment for the benefit of Surrey residents.
2. This is a unique service, provided by specialist contractors, of which there are a finite number in the UK. Historically within Surrey the contracts have been secured directly with these specialist contractors.
3. Existing appliances have considerably less safety features, higher maintenance requirements, higher fuel consumption, and environmentally unacceptable engines producing exhaust emissions that generate charges when entering the London Low Emission Zone.
4. Three procurement options were considered, (1) purchase two aerial appliances through an open tender process, (2) lease two aerial appliances and (3) procure the vehicles through an existing framework.
5. The preferred option was to purchase two aerial appliances through an open tender process; Lot 1: purchase of one Aerial Ladder Vehicle and Lot 2: purchase of one Turntable Ladder Vehicle.
6. Leasing was rejected following a recent tendering exercise comparing the leasing and purchase costs on other Surrey Fire Service vehicles, which established leasing has an estimated 20% uplift in costs.
7. Purchasing the vehicles through The Consortium (formerly known as Firebuy) incurred a surcharge of 1.6% of the total cost of the vehicles, which far outweighed the internal costs of EU tendering and so was also rejected.
8. The building of the vehicles will take between 12 and 15 months, from the date of order. The chassis, body maintenance, and the day to day running repairs of the whole vehicle, will be undertaken by Surrey Fire and Rescue Service. The external contractor will only undertake the servicing of the ladder/platform section of the vehicles. The estimated lifespan of the vehicles is 15 years.
9. As part of the marketing and procurement analysis, Surrey County Council (SCC) reviewed the opportunity to collaborate with neighbouring local fire authorities in the SE7 Region, through the South East Fire Services Procurement Group. All SE7 fire authorities were asked if they wished to be included in the tender process but none were in a position to tender at the time.
10. A joint Procurement and Project team was set up including representatives from: Surrey Fire and Rescue Services, Surrey Procurement and Commissioning, and Surrey Legal Services. The contract(s) has been let as a

competitive tendering exercise, using the Official Journal of the European Union.(OJEU) ,

11. Steps were taken to stimulate interest in the market, which was introduced to the supply base through a series of supplier engagements.
12. Five suppliers expressed an interest in the advertised tender opportunity. These suppliers were evaluated to ensure they had the legal, financial and technical capacity (including their health & safety and equal opportunities policies) to undertake the contract.
13. Considering the limited size of the market the option to complete the tendering process by e-auction was rejected.
14. An invitation to tender was sent to all interested suppliers. These tenders were then evaluated against the criteria and weightings in the part 2 report.

### **Key Implications**

15. By awarding a contract to the supplier(s) recommended in the Part 2 report for the provision of Lot 1 purchase of one Aerial Ladder Vehicle and Lot 2 purchase of one Turntable Ladder Vehicle to commence in July 2014, the Council will be meeting its duties and ensuring value for money.
16. Performance will be monitored throughout the build period and reviewed at regular contract meetings. Key stages of the build include the pre-build meeting, delivery of the chassis, fitting of the ladders, the body fit, type approval testing and final inspection.
17. The management responsibility for the Contract lies with Surrey Fire and Rescue Services and will be managed by them in line with the Contract Management Strategy and Plan as laid out in the contract documentation.

### **CONSULTATION:**

18. Stakeholders consulted at all stages of the commissioning and procurement process include Surrey Fire and Rescue Services, Surrey Procurement and Commissioning, Surrey Legal Services, Hampshire Fire Service, and the South East Fire Services Procurement Group.

### **RISK MANAGEMENT AND IMPLICATIONS:**

19. The bespoke contract has been prepared by SCC Legal Services.
20. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Financial	Failure to adhere to adequate Working at Height strategy and capital replacement programmes could result in litigious claims against the County Council should systems performance be seen as a	Interim mitigation is managed through continued servicing of current fleet and short term lease arrangements in place with a commercial provider.

	contributory factor in personal injury, fatality, or loss of trade.	Quality, specialist contractor appointed through robust contract procurement exercise. Regular contract performance meetings to ensure adherence to works programmes and agree recovery actions if required.
Reputational	Successful supplier does not have necessary skills, experience and technical knowledge to satisfactorily complete the elements of the contract(s)	Tender process to include 60% quality element towards overall contract(s) award, including clarification meetings if any officer concerns remain post tender process.
Reputational	There is an increased risk as the existing appliances get older they may become unusable and this will impact on the services operational strategies and could be seen as a contributory factor in personal injury.	The replacement of new vehicles through a quality, specialist contractor, following a thorough contract procurement exercise. Regular contract performance meetings to ensure adherence to works programmes and agree recovery actions if required.
Financial	Not purchasing the vehicles will lead to significant increases in revenue costs to deal with higher maintenance costs, the replacement of major component parts, and poor fuel efficiency. The existing vehicles have environmentally unacceptable engines producing exhaust emissions that generate charges when entering the London Low Emission Zone.	New vehicles will provide improved value for money by reducing the need for major repairs, and reduced maintenance costs. The new aerial ladder specifications more closely match those used by our neighbouring fire and rescue services increasing the potential for inter-operability.  Training costs will be reduced through vehicle standardisation, and reduction in road shock damage costs and road wear through the use of air suspension.

#### **Financial and Value for Money Implications**

21. Full details of the contract value and financial implications are set out in the Part 2 report.
22. Benchmarking information will be shared with South East Fire Services Procurement Group.

#### **Section 151 Officer Commentary**

23. All material financial and business implications have been considered as part of this report. The expected costs and savings are set out within part two of

the report. The vehicle purchases have been planned as part of the Fire Vehicle and Equipment Replacement Programme which has been approved by the Investment Panel and budgeted for within the 2014-2019 Medium Term Financial Plan.

**Legal Implications – Monitoring Officer**

- 24. Surrey Fire and Rescue Service (SFRS) must comply with the core functions identified in the Fire Rescue Services Act 2004. These include extinguishing fires in its area and protecting life and property.
- 25. To ensure compliance with the core functions, SFRS has undertaken a competitive procurement exercise in accordance with EU Procurement Standing Orders, to procure two vehicles, one with aerial ladder and one with turntable ladder.
- 26. The contract offers the Council various protection mechanism such as ensuring that the vehicles are of the best available design, of the best quality, material and workmanship, be without fault and conform in all respects with the Specification supplied by the Council to the Provider. The contractor is required to comply with all applicable regulations or other legal requirements concerning manufacture, packaging and delivery of the vehicle. The Council's title to the vehicles will also be protected to ensure that it acquires title to the Goods upon payment of each instalment of the staged payments pursuant to the pricing schedule and the contractor shall maintain all necessary insurance to cover such risk and notify its insurers of the Council's interest. Additionally, the contractor will be required to provide training to SFRS staff in the use and maintenance of the vehicles. To this end the contracts will ensure that SFRS is able to comply with its core functions.

**Equalities and Diversity**

- 27. All equipment to be used includes the appropriate additional facilities and design standards, as nationally specified. The new appliances body stowage systems have been designed for use by a diverse workforce with facilities to minimise manual handling injuries.
- 28. There is no requirement for a Equality Impact Assessment (EIA) as there are no implications for any public sector equalities duty due to the nature of the goods being procured. However the contractor will be required to comply with the Equalities Act 2010 and any relevant codes issued by the Equality and Humans Commission.

**Other Implications:**

- 29. At the end of the contractual term, ownership of the contract will remain with: Surrey County Council

**WHAT HAPPENS NEXT**

- 30. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	27 May 2014

'Alcatel' Standstill Period	2 June – 12 June 2014
Contract Signature	20 June 2014
Contract Commencement Date	1 July 2014

31. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

**Contact Officer:**

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**Consulted:**

Surrey Fire and Rescue Services  
Surrey Procurement and Commissioning  
Surrey Legal Services  
South East Fire Services Procurement Group  
Hampshire Fire Service

**Sources/background papers:**

Fire and Rescue Services Act 2004  
GRA 3.2 (V2) Fighting Fires in High Rise Buildings 2008  
BS EN 1846 Safety and performance  
Road Vehicles Lighting Regulations 1989  
Control of Noise at Work Regulations 2005  
Health and Safety at Work (etc) Act 1974  
Lifting Operations Lifting Equipment Regulations (LOLER)  
Construction and Use Regulations 1986