

SURREY COUNTY COUNCIL

CABINET

DATE: 21 JUNE 2016



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: LAURA LANGSTAFF, HEAD OF PROCUREMENT

SUBJECT: AWARD OF A CONTRACT FOR LEASE AND FLEET MANAGEMENT

SUMMARY OF ISSUE:

Surrey County Council has various needs for lease vehicles and fleet management services.

The current contract for lease and fleet management was awarded to Automotive Leasing on 1 August 2015. In preparation for the expiry of the current contract a competitive process in the form of a closed mini-competition was undertaken using a Crown Commercial Services Framework.

The outcome of the process is set out in this report. Due to the commercial sensitivity involved in the contract award process a Part 2 report details financially sensitive commercial information, including the prices and evaluation scores of all bidders.

RECOMMENDATIONS:

The contract for the provision of lease vehicles and fleet management services is awarded to Automotive Leasing Ltd (trading as Leaseplan).

REASON FOR RECOMMENDATIONS:

A comprehensive procurement process using a Crown Commercial Services Framework was conducted. This has involved conducting a mini-competition in accordance with Surrey County Council's Procurement Standing Orders and in adherence to EU Procurement Contract Regulations. The recommendations provide best value for money for the Council following a combined quality and price evaluation process.

The bid from the preferred supplier offers value for money over the full contract term. Full financial details are included in Part 2 of this report.

The preferred supplier has demonstrated they are able to deliver the high standard of service expected by Surrey County Council and will work with the Council over the full contract duration to make continuous improvements and add value.

DETAILS:

Business Case

1. This report recommends the award of vehicle lease and fleet management contact to ensure that Surrey County Council services:
 - Adhere to the EU Procurement Contract Regulations (2015) and relevant Surrey County Council Procurement Standing Orders.
 - Achieve the best value for money by contracting a centralised service underpinned by robust terms and conditions, maximum ceiling prices for spend and ongoing contract management arrangements ensuring sustainability of Surrey County Council services.
 - Have leased and fleet managed vehicles that are safe, fit for purpose and emit lower levels of carbon emissions benefiting Surrey County Council staff and residents alike.

Background and Options Considered

2. Surrey County Council has various needs for work based vehicular access for employees. Lease vehicles and fleet management of Surrey County Council's owned vehicles are designed to support staff in delivering essential public services such as transport needs for adult and children's residential care homes and the Surrey highways for essential maintenance and repairs.
3. Under the current contractual arrangements Automotive Leasing provide 43 leased vehicles, which are provided with a comprehensive maintenance and service, including routine servicing, maintenance and replacement of mechanical parts and consumable parts such as tyres, exhaust and breaks and road tax.
4. The 95 vehicles which are owned by Surrey County Council are currently fleet managed by Leaseplan. This involves arrangements such as MoT tests, routine services and replacement of consumable parts due to wear and tear such as tyres.
5. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from the Council's Sourcing Governance Meeting (SGM) on 17 March 2016.

Procurement Strategy

6. An alternative option considered was to source one supplier to deliver vehicle hire, vehicle leasing and vehicle management and maintenance. This option was not pursued due to the limited number of suppliers offering all these services and the likely lack of market competition.
7. Another alternative option considered was to collaborate with other local authorities to aggregate demand. This option was not pursued as the other local authorities were not aligned to our time constraints or scope. However, Surrey County Council are keen to explore this option in the future therefore,

we are recommending a contractual period of 1+1+1+1 years to allow future opportunities to collaboratively work together.

8. After an options analysis it was decided to invite tenders via a mini competition through the Crown Commercial Service Vehicle Lease and Fleet Management Framework (ref. RM3710) lots 1, 2 and 3 as this demonstrated best value for money from the options appraisal. It also allows for aggregation of demand with other public bodies in the future.

Use of E-Tendering and Market Management Activities

9. In order to openly conduct the mini-competition, and invite only the pre-approved suppliers on the Crown Commercial Service Framework. Surrey County Council's electronic tendering platform was used.

Key Implications

10. By awarding a contract to the supplier recommended for the provision of vehicle leasing and fleet management to commence on 1 August 2016, the Council will ensure that it can continue to provide its vehicle business needs to deliver essential services.
11. Performance will be monitored through a series of Service Levels as detailed in the contract to be reviewed at monthly operations meetings. Please refer to table 1.

Table 1: Service levels

Service Levels				Service Credit for each Service Period
Service Level Performance Criterion	Key Indicator	Service Level Performance Measure	Service Level Threshold	
1. Provide where applicable a free replacement vehicle in the event that a contract vehicle is off-road due to mechanical repair or breakdown	98% of orders achieved	at least 98% at all times	98%	0.5% Service Credit gained for each one per cent below the specified Service Level Performance Measure
2. Achieve a 1-hour breakdown service in the event of a vehicle breakdown	98% of breakdown incidents achieved	at least 98% at all times	98%	0.5% Service Credit gained for each one per cent below the specified Service Level Performance Measure
3. Achieve no vehicle breakdowns	90% of all lease vehicles achieved	at least 90% at all times	90%	0.5% Service Credit gained for each one per cent below the specified Service Level Performance Measure
4. Achieve a 1-hour replacement vehicle service in the event that a vehicle breakdown is not repairable within 1 hour of attendance	98% of non-repairable breakdown incidents achieved	at least 98% at all times	98%	2% Service Credit gained for each one per cent below the specified Service Level Performance Measure
5. Maintain a complaints monitoring database	99% of hires fulfilled without complaint	at least 99% at all times	99%	2% Service Credit gained for each one per cent below the specified Service Level Performance Measure

12. The management responsibility for the contract lies with Transport Co-ordination Centre in the Travel and Transport Group, that will be managed in line with the Contract Management Strategy as laid out in the contract documentation, which also provides for review of performance and identified continuous improvements in performance.
13. This is a one year contract with the potential to extend up to three further periods of 1 year each.

Competitive Tendering Process

14. The contract has been let as a competitive tendering exercise. It was decided that the best route to market was a mini-competition using the Crown Commercial Service Vehicle Lease and Fleet Management Framework (ref. RM3710) because it allows for aggregation of demand with other Public Bodies, whilst also recognising that different suppliers specialise in different services.
15. An invitation to tender was available for download to all suppliers pre-approved on the Crown Commercial Service Vehicle Lease and Fleet Management Framework (ref. RM3710). Suppliers were given 23 days to complete and submit their tender. Tenders were then evaluated against agreed criteria with a 70% price and 30% quality weighting applied. The results are set out in the Part 2 report.

CONSULTATION:

16. Representative internal stakeholders who use the current leasing and fleet management contract have been consulted with during all stages of the commissioning and procurement process, including designing the specification, evaluating tenders and agreeing the contract award. This stakeholder engagement will increase the quality benchmark required, shape the service delivered throughout the lifetime of the contract.

RISK MANAGEMENT AND IMPLICATIONS:

17. As a call off contract from a pre-established framework there is no obligation for Surrey County Council to use the contract and it can source alternative methods of vehicle hire.
18. All tenderers successfully completed satisfactory financial checks as well as checks on competency in the delivery of similar contracts at the initial framework stages.
19. The successful contractors will be required to perform against the service level credits stipulated in the Contract (see table 1). Service credits are a form of measuring performance. Performance delivered below the minimum service levels can result in financial penalties, which incentivises suppliers to deliver to the required standards as set out in the contract.
20. The following key risks associated with the contract and the contract award have been identified, along with mitigation activities:

Table 2: Risks identified and mitigation activities

	Risk Description	Mitigation Activity
Financial	Service budget is reduced	There is no commitment within this contract to use the contract, and there is no guarantee or predictions made of future usage or demand.
Reputational	Reduced contract value means the contractor places a less experienced team on the contract	Dedicated contract management and regular performance review will mitigate this risk.

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. The procurement activity has delivered a solution within and budget as set out in the Part 2 report.
23. Protected ceiling prices according to the type of vehicles required has formed part of the tender criteria. This has reduced the number of bidders but protected Surrey County Council from any price increases throughout the lifetime of the Contract.
24. The new centralised contract will mean Surrey County Council achieves best value for money, ensures that all vehicles used are fit for purpose, and will result in improvements in the service levels being delivered under the contract.

Section 151 Officer Commentary

25. The Section 151 Officer supports the contract award detailed in this report. Expected costs are set out in the accompanying Part 2 report, and based on current vehicle usage overall costs are not expected to materially change. There is no obligation within the contract for the council to maintain current usage levels, for example if requirements change in the future.

Legal Implications – Monitoring Officer

26. The procurement complied with the Public Contract Regulations 2015 and the Council's Procurement Standing Orders.
27. The Crown Commercial Service's Framework Agreement RM3710 was used to select potential suppliers to identify best value.
28. Section 111 of the Local Government Act 1972 allows the Council to procure vehicle leases and fleet management services to facilitate the discharge of its functions.

Equalities and Diversity

29. An equalities impact assessment has not been completed as the results of this procurement process do not impact on any policy or other decisions and is neutral in any impact.
30. TUPE arrangements are not applicable to this contract.

Corporate Parenting/Looked After Children implications

31. No significant implications arising from this report.

Safeguarding responsibilities for vulnerable children and adults implications

32. No significant implications arising from this report

Public Health implications

33. No significant implications arising from this report

Climate change/carbon emissions implications

34. This contract will support the Greening Government Commitments of reducing CO2 emissions by the current target of 20% by ensuring that all the vehicles used in this contract are members of British Vehicle Rental and Leasing Association who support car hire and leasing companies to reduce their carbon emissions through appropriate sourcing of vehicles.

WHAT HAPPENS NEXT:

35. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	30/06/16
'Alcatel' Standstill Period	27/06/16 – 08/07/16
Contract Signature	11/07/16
Contract Commencement Date	01/08/16

Contact Officer:

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Consulted:

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Annexes:

N/A

Sources/background papers:

N/A

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