

**REPORT TO:** Executive Board Sub-Committee

**DATE:** 12th January 2012

**REPORTING OFFICER:** Strategic Director Policy & Resources

**PORTFOLIO:** Transportation

**SUBJECT:** Tender for the Provision of:  
Commercial Vehicle and Plant Components

**WARDS:** Borough-Wide

## **1.0 PURPOSE OF THE REPORT**

**1.1** This is a report for information purposes, to comply with Procurement Standing Order 2.1 due to the anticipated accumulative value of the contract for the supply and management of Commercial Vehicle and Plant Spares & Components projected to be in excess of £1 million.

**2.0 RECOMMENDATION:** That Members note that a procurement process will be entered into with the purpose of securing the supply and management of Commercial Vehicle and Plant Spares & Components for use in the maintenance and repair of the Council's operational vehicle fleet, plant and equipment.

## **3.0 SUPPORTING INFORMATION**

**3.1** The Fleet Management and Maintenance Section of the Logistics Division is responsible for servicing, repairing and safe operation of a large and diverse range of vehicles, plant, machinery and equipment. These are provided to support the following service areas: Refuse Collection, Street Scene, Open Spaces, Environmental Services, Housing Services, Social Care and Education.

**3.2** The existing contract for the supply of Commercial Vehicle Spares and Components will come to an end on the 31<sup>st</sup> March 2012. The new contract will provide for a greater level of flexibility, as it does not commit the Council to a monopoly arrangement and the Council can, at any time and without penalty, choose to place orders with other suppliers of such works if the chosen contractor cannot meet the Council's requirements in terms of component delivery and price.

**3.3** It is proposed that the new contract is for a 3 year period with the potential for up to a 2 year extension subject to satisfactory performance and pricing agreement. The anticipated contract start date is 1<sup>st</sup> April 2012.

- 3.4** The contract will be awarded to the most economically advantageous tender through assessment of weighted scoring, made up as follows: Overall Price (40%) Quality (25%) Sustainability (10%) and (for short-listed companies only) Supplier Presentation and Panel Questions (25%).
- 3.5** The quality element will take in to consideration submitted plans for the service, Tenderers plans for implementation of the service, Supply Chain Arrangements, Contingency Measures, Compliance with Specification, Performance Measures and Technical Ability.
- 3.6** Scoring on the sustainability element will require evidence from the tenderer on how they intend to deal with environmental issues, recycling arrangements and alternative technologies.
- 3.7** Based on previous expenditure it is anticipated that the annual value of the contract in total is likely to be in the region of £335,000 therefore making the value of a 5 year contract (including potential extensions) in the order of £1,675,000. This figure is above the Official Journal of the European Union (OJEU) threshold, as such, the contract is subject to European procurement rules and will be tendered accordingly
- 3.8** The cost of the works will be met from existing budgets, this mainly being Fleet Management and Maintenance supplies and services budget; however, other revenue budgets (through departmental recharges) may be used as necessary.

#### **4.0 POLICY IMPLICATIONS**

- 4.1** The method of procurement fits with the Council's procurement policy, the tender process being carried out in conjunction with the Procurement Centre of Excellence, using 'The Chest' procurement portal.
- 4.2** The tender procedure has been commenced in compliance with the relevant sections of standing orders, as an EU restricted procedure under the EU Procurement regulations 2006.
- 4.3** The Tender has been advertised via 'The Chest' e-procurement vehicle, and has been subject to publication in the OJEU.
- 4.4** The tender attracted significant initial interest; however, due to the specialist nature of the service, and particularly the diversity of components and spares to be provided, the pre qualification stage of the tender has only identified three Tenderers as demonstrating the necessary competence and financial stability to tender.
- 4.5** Consideration has been given to re-advertising the contract, however, based on the interest expressed in response to the first advert, it is considered that a further advertisement would be unlikely to identify additional competent Tenderers and would risk disruption to any service transition from the current supplier to a replacement.

- 4.6 Despite the lower than expected number of Tenderers, officers are confident that there are sufficient Tenderers to generate the necessary level of competition to ensure the Council will receive competitive offers.
- 4.7 The Authority's solicitors confirm the invitation of only three tenders is still sufficient to comply with the relevant EU and domestic legislation.
- 4.8 The effect of inviting less than five tenders is that under Standing Orders S2.11 (a) the Operational Director Policy, Planning and Transportation will not be empowered to accept any resultant tender, without the authorisation of the Executive Sub-Board.
- 4.9 It is intended, therefore, following the evaluation of tenders, and subject to those tenders proving acceptable, to return with a further report requesting the Board to accept the winning tender under the provisions contained in S2.11 (b) of Standing Orders. It is anticipated that this report will be submitted at the Board's March 2012 meeting.

## **5.0 OTHER IMPLICATIONS**

- 5.1 The above contract will contribute to the continued efficient, safe and reliable vehicle fleet operational requirements by minimising vehicle downtime and aid compliance with the Council's Operators Licence obligations.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children and Young People in Halton**

None

### **6.2 Employment, Learning and Skills in Halton**

None

### **6.3 A Healthy Halton**

None

### **6.4 A Safer Halton**

None

### **6.5 Halton's Urban Renewal**

None

## **7.0 RISK ANALYSIS**

- 7.1 Since investments in spare parts can be substantial, it is considered good practice to keep stock levels minimised whilst balancing this against the unavailability of components that can cause unnecessary vehicle downtime.

**7.2** The above tender will provide “an imprest parts stock”. This requires the contractor to hold a predetermined stockholding at the Council’s fleet workshop facility, on a non-stock basis. Any respective component only becomes chargeable to HBC once it has been drawn down from the imprest stock and fitted to a fleet item or asset. This alleviates the financial risks to the Council associated with large component stockholdings and at the same time contributes towards vehicle fleet availability and reliability.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

**8.1** None

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

**9.1** None for the purposes of the Act