
Report to: Cabinet **Date of Meeting** 14th February 2013

Subject: Vehicle Stores and Parts Procurement Tender Results

Report of: Director of Street Scene **Wards Affected:** All

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential No

Purpose/Summary

To advise Cabinet of the outcome of the tender exercise to seek a contractor to operate the vehicle stores at Hawthorne Road Depot and to provide discounted parts to be used in maintaining the Council's vehicle fleet. To further seek approval for a contract to be awarded to the tenderer scoring the highest marks based on the procurement exercise undertaken.

Recommendation(s)

1. That Cabinet note the results of the OJEU tendering exercise undertaken.
2. That Cabinet approves the award of the Contract to Tenderer C for a period of 3 years with an option to extend for a period of 1 year on two occasions.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

To deliver cost savings in relation to the procurement of vehicle parts, oils and lubricants utilised in the maintenance of the Council’s vehicle fleet, and also in the operation of the Council’s stores at Hawthorne Road Depot.

What will it cost and how will it be financed?

(A) Revenue Costs

The revenue costs associated with the proposal for a private contractor to supply the necessary parts and to operate the Depot stores can be contained within existing budgets. The amount spent on vehicle parts per annum depends upon the range of vehicles which make up the Council’s fleet at any given time, and the level of maintenance/repair needed in any given year. However, current spend averages some £500k per annum. It is expected that this arrangement will reduce this level of expenditure by some 20%. There is no ‘minimum spend’ associated with this contract and therefore should there be a reduction in the Council fleet in future years there will be no additional costs incurred. The level of spend will always remain pro rata to the number of vehicles which the Council operates.

(B) Capital Costs

There are no capital costs for the Council associated with the proposal for a private contractor to supply the necessary parts and to operate the Depot stores. Any expenditure incurred through the redesign or adaptation of the current stores, including the provision of any necessary racking or storage, will be borne by the successful tenderer, as per the provisions of the contract.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal The Council is required to carry out this tender exercise in accordance with EU Procurement law, the Public Contracts Regulations 2006 [as amended] and its own Contracts Procedure Rules .
Human Resources There are no HR or TUPE implications.
Equality 1. No Equality Implication <input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated <input type="checkbox"/>
3. Equality Implication identified and risk remains <input type="checkbox"/>

Impact on Service Delivery:

It is envisaged that the level of service available within the Vehicle Maintenance Section will be enhanced as a result of this exercise due to the faster procurement and delivery of spare parts, coupled with a reduced cost to service and maintain the Council's vehicle fleet.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD.2096/13) and Head of Corporate Legal Services (LD1412/13.) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

The only other option available is to continue to source vehicle parts using existing suppliers and as such not be able to access the discount structures available to larger operators.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet/Cabinet Member Meeting and following the necessary 'Alcatel' period being part of the OJEU procurement process.

Contact Officer: Andrew Walker
Tel: 0151 288 6159
Email: andrew.walker@sefton.gov.uk

Background Papers:

There are no background papers available for inspection.

BACKGROUND

1. Under the Public Procurement Regulations 2006 (as amended), the Council opted to carry out a European Union Open Procurement Procedure to secure a contract against the service requirements of the Vehicle Maintenance and Fleet Management Service. The Open procedure was deemed appropriate as there are a relatively small number of operators in the marketplace to cater for this requirement.
2. The Open Procedure requires that the Council compiles an Invitation To Tender (ITT) document setting out:
 - i) The Requirement
 - ii) Objectives
 - iii) Service Specification
 - iv) Pricing Schedule
 - iv) Evaluation Criteria including:
 - Mandatory document checks
 - Pass/Fail Hardgate assessments (Financial, Equalities, Health & Safety)
 - Softgate assessment (References)
 - Price / Quality scoring
 - v) Sample evaluation scoring method
 - vii) Terms and Conditions
3. The tendering opportunity, managed via the Council's Procurement Unit, was publicised and managed electronically within the North West opportunities portal, 'The Chest'. This in turn allowed the creation and publication of a contract notice in the Official Journal of the European Union.
4. Under the Open Procedure, interested providers were afforded a minimum of 40 calendar days to access the electronic ITT documentation within the Chest. Once the ITT was downloaded all bidders had access to a question and answer facility within the chest. Various questions were posed by a variety of bidders and answers were provided accordingly for all to see. The Council took a decision that as the answers to the questions raised were beneficial to all bidders, they should be published to all bidders. This ensured openness and transparency.
5. A total of 36 potential providers accessed the ITT document via The Chest portal. Of that number 23 showed no further interest, 9 formally opted out of the process, and 4 submitted formal bids. The relatively low response from an initial high level of interest demonstrates how narrow the marketplace is for this specific service.

THE TENDER PROCESS

6. The evaluation of the submitted tenders was undertaken via a two stage process. Following the initial assessments detailed above, based on pass/fail criteria, the tenders were evaluated and assessed utilising a weighted scoring system, made up as follows:
- | | |
|----------------|--------------|
| Overall Price | (40%) |
| Quality | (25%) |
| Sustainability | (10%) |
7. Up to three tenderers would then be invited to make a presentation in order to expand upon, and offer further explanation of bid documents. This presentation would make up the remaining 25% of the tenderers final score, again derived via a weighted scoring system.
8. This two stage process also allowed Officers to have confidence that the Contract could be delivered in full, meeting all of the required outputs, whilst delivering the required savings to the Council.

THE TENDER EVALUATION RESULTS

	Percentage Mark	Tenderer A	Tenderer B	Tenderer C
Price	40%	22.58	40.00	29.92
Quality	25%	15.75	12.75	21.50
Sustainability	10%	4.00	7.60	9.20
ITT Sub Total (scored out of 75)		42.33	60.35	60.62
Presentation	25%	22.02	14.77	21.74
ITT TOTAL (scored out of 100)		64.35	75.12	82.36

9. The above results show that Tenderer C achieved the highest score of 60.62% after the initial stage of the tender exercise.
10. The results further show that Tenderer C also achieved the highest total combined score of 82.36% following the presentation exercise.

11. It is therefore recommended that Tenderer C be awarded the contract to operate the vehicle stores located at Hawthorne Road Depot, and to provide vehicle parts, oils and lubricants to the Council for a period of 3 years with an option to extend for a period of 1 year on two occasions.