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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	15 February 2018
<b>Subject:</b>	Vehicle Supply and Maintenance Contract Re-procurement
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Paul Walker, Corporate Director of Community
<b>Portfolio Holder:</b>	Councillor Graham Henson, Portfolio Holder for Environment
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

This report seeks Cabinet approval to embark on a procurement exercise for the vehicle supply and maintenance services.

**Recommendations:**

Cabinet is requested to:

1. grant approval to procure and select the provider for the Council's vehicle

supply and maintenance service.

2. delegate to the Corporate Director of Community, following consultation with the Portfolio Holder Environment and the Portfolio Holder for Finance and Commercialisation, to finalise the procurement and award of the contract.

**Reason: (For recommendations)**

To ensure the Council fulfils its statutory responsibilities to provide those services that are enabled by the vehicles provided under this contract, such as waste collection and special needs transport services..

## **Section 2 – Report**

- 2.1 Harrow has a statutory duty to provide a range of services that depend on having access to a variety of vehicles. These services include, but are not limited to environmental services such as waste collection and street cleaning; parking enforcement services as well special needs transport. The effective operations of these statutory functions depend on having reliable vehicles that are readily available and operate safely.
- 2.2 The Council undertakes its responsibilities using an externally provided service. Since the launch of the Directorate's Commercialisation programme, Project Phoenix in 2015 there have been changes in delivery model which have expanded the Council's vehicle supply and maintenance needs. This includes the provision of a shared Special Needs Transport Service with Brent Council which includes the supply and maintenance of all Brent transport buses. The changes also encompass Barnet's use of the vehicle maintenance contract as part of their operating highways, winter maintenance and waste collection services from Harrow's depot.
- 2.3 Additionally the Council opened an MOT Bay in April 2016 and the current vehicle supply and maintenance contractor is the Council's partner in this commercial endeavour. Harrow has also been asked to share its vehicle maintenance procurement strategy with the West London Alliance boroughs
- 2.4 These changes will enable greater economy of scale in any new procurement as there is a larger value with which Harrow will approach the market. It is to be noted that exploring this at market engagement sessions will help to inform the final procurement strategy.

## **3. Background**

- 3.1 The Council has a vehicle supply and maintenance contract with Fraikin. This has been in place since February 2003 and expires on December 31<sup>st</sup> 2018. This contract covers circa 320 vehicles with an average age of 7

years, with the Transport buses showing an average age of 8 years. The vehicle allocation is as follows:

- Grounds Maintenance - 88 vehicles
- Waste and Recycling - 33 vehicles
- Street Cleansing - 15 vehicles
- Special Needs Transport- Harrow – 60 vehicles
- Special Needs Transport- Brent – 85 vehicles
- Pest Control and Animal Services
- Parking - 19 vehicles
- Housing- 5 vehicles

3.2 These vehicles are supplied on a lease arrangement which includes repairs and maintenance over the economic life of the vehicles. Over the term of the contract since 2003, there has been the replacement of vehicles as they are fully depreciated.

3.3 It is expected that at December 31, 2018 there will be vehicles that have not yet been fully written down in line with the contract. These vehicles will be novated to the winning provider.

3.4 In addition to the main contract with Fraikin, the Council has hired vehicles on an ad hoc basis, where different type of vehicles were needed and cheaper alternatives were found outside the main contract. Currently there are 12 of these short term hire vehicles from a variety of suppliers.

3.5 The Fraikin contract is operated from space rented at the Council's depot. This space includes offices and a workshop. This enables rapid response as vehicles are repaired at source.

## **4. Options considered**

4.1 The options considered are:

**(A) Do Nothing** – this is not a viable option as the current contract with Fraikin ends and there is no option to extend the contract term

**(B) Deliver the service in-house** - This option would require capital funding to purchase the fleet required. Additionally, there would be the capital outlay for workshop machinery. The Council would need to also develop the workforce required to provide workshop services.

**(C) Re-procure the contract via competitive tender** This maintains the current delivery model as well as offer opportunities to secure best value.

4.2 In progressing Option C the procurement options and strategy considered included:

- Accessing a vehicle supply framework and call of the services required. This would not deliver value for money, particularly given the interest from other boroughs in assessing this contract.
- A procurement tender exercise following the OJEU Restricted Tender process which would include a two stage procurement phase with the top 5 bidders from the Selection Questionnaire (SQ) stage being invited to submit final bids. This process is recommended over the negotiated process which not only adds more time but given the maturity of the market and the certainty around the Authority Requirements has been discounted.
- The contract will be for 10 years plus an option to extend for a further five years in two increments at the Authority's sole discretion.

4.3 The pricing mechanism will incorporate detailed change control as well as gain share arrangements and the associated share of any third party income. This will secure a financial benefit to Harrow when other organisations buy into the service. Additionally the Change Control mechanism will ensure that any changes based on service reviews can be accommodated in the contract.

## **5. Recommendations**

5.1 It is recommended that option C above is progressed and a competitive tender process is undertaken to re-procure the vehicle supply and maintenance contract.

## **6. Risk Management Implications**

Risk included on Directorate risk register? No  
 Separate risk register in place? No

There are no risk management implications.

## **7. Legal Implications**

7.1 The current contract between Harrow Council and Fraikin for the provision of vehicle supply and maintenance expires in December 2018 and there is no further scope within its terms to extend the contract period.

7.2 Therefore it is imperative that a procurement exercise is carried out to replace the current contract so that the Council continues to meet all of its statutory obligations in relation to services dependent upon its fleet of vehicles. It is will be necessary for the tender process to be

conducted in accordance with the Public Contract Regulations 2015 taking into consideration required thresholds for the acquisition of goods and services and the general treaty principles of equal treatment, transparency, mutual recognition and proportionality.

7.3 The award of the contract will be in accordance with the Council's Contract Procedure Rules (CPRs).

## **8. Financial Implications**

8.1 The Council currently spends around £3m per annum on Harrow fleet for both contract hire and ad hoc hire vehicles, and maintenance only service for some vehicles. As part of the shared Special Needs Transport (SNT) service with Brent Council, their vehicles are now being provided and maintained by our vehicles contractor. The service is in the process of completing the replacement of all old Brent SNT vehicles. It is anticipated that Brent will have a completely new fleet from April 2018. Their annual spend on vehicle hire will be around £1.2m. This will need to be included in the estimated contract value for the re-procurement exercise. In addition, the contract includes the provision of vehicles maintenance service, the expenditure of which is subject to repair/maintenance needs and any other Councils other than LB Barnet who wish to use our contractor to carry out the work.

8.2 Any financial savings secured from this procurement exercise will contribute to the contracts re-procurement saving target in the 18/19 MTFS (£250k profiled in 19/20 which is expected to be generated from various procurements).

## 9. Equalities implications / Public Sector Equality Duty

9.1 The proposals described above do not adversely impact upon persons within the protected categories.

## 10. Council Priorities

10.1 This report incorporates the following administration's priority:

- **Making a difference for communities** - The provision of this service is essential for meeting the transport needs of the borough's vulnerable residents.
- **Be more Business-like and Business Friendly** - Undertaking a competitive process provides value for money.

## Section 3 - Statutory Officer Clearance

Name: Jessie Mann	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 January 2018		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 8 January 2018		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
<b>EqIA cleared by:</b>	This is an existing service and no change is being projected in terms of delivery model.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Venetia Reid-Baptiste  
Tel: 020 8424 2492  
Venetia Reid-Baptiste @harrow.gov.uk

**Background Papers:** None

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NOT APPLICABLE**

*[Call-in applies]*