



**Report of:** General Manager, Fleet Services

**Report to:** Chief Officer, Civic Enterprise Leeds

**Date:** 7<sup>th</sup> August 2014

**Subject:** 9K5F- 4ROKX2 Contract Award Supply and Maintenance of Vehicle Tyres

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: 10.4 (3) Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. Fleet Services have a contract in place for the supply and maintenance of tyres on the Authority's fleet of vehicles and grounds equipment.
2. The contract value for this service is currently £600k per annum and the existing contractor is G W Tyres. The charges are based on a fixed price per vehicle or piece of equipment per year for tyre supply fitment and ongoing tyre management.
3. The existing contract expired on 31<sup>st</sup> July 2014 and a retender exercise was undertaken in May 2014. The new contract which is based on an 80% price and 20% quality split, had provision for multiple options of fixed price or Pay as You Go (PAYG) services for grounds care equipment, light vehicles up to 17.5" wheel size and heavy goods fleet over 17.5".
4. Four organisations tendered: - which were National Tyres, Vaculug, Direct Tyre Management and GW Tyres. National Tyres were excluded due to their failure to meet the quality threshold.
5. Following the tender evaluations the light fleet up to 17.5" is to be awarded to Direct Tyre Management on a "pay as you go" basis.
6. All grounds equipment and Heavy fleet with wheel sizes over 17.5" is to be awarded to GW Tyres. Grounds continue on a fixed fee basis and the heavy fleet on "pay as you go".

7. Under the new contract arrangement the approximate cost will be £489k per annum, an estimated saving of £111k per annum.
8. The contract is to provide a tyre management and responsive repair service 24hrs, 365 days per year. The new contract is for 2 years with the option to extend for a further 2 x 12 months and will commence Sept 1st 2014.
9. The Chief Officer CEL is recommended to approve the contract award for supply and maintenance of tyres for a period of 2 years with the option to extend for a further 2 x 12 month periods from September 1st 2014 to 1<sup>st</sup> Sept 2016 to the tenderers as detailed in point 4 and 5 above.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to award 9K5F-4ROKX2 supply and maintenance of tyres.

## **2 Background information**

- 2.1 In January 2014 Fleet Services extended the current contract 9K5F-4ROKX2 supply and maintenance of tyres until 31<sup>st</sup> July 2014.
- 2.2 The contract extension was to enable Fleet Services to test the current market for anticipated cost reductions around the tyre contract.
- 2.3 In addition, the tender exercise provided LCC with the opportunity to analyse costs for a number of options both fixed price and pay as you go services, within separate lots for grounds care, light vehicle fleet and heavy fleet vehicles.

## **3 Main issues**

- 3.1 The contract extension was taken and the contract re-tendered on an 80% price and 20% quality split. Four organisations initially applied, these were National Tyres, Vaculug, Direct Tyre Management and GW Tyres.
- 3.2 National Tyres were excluded at the quality stage as they did not meet the quality threshold.
- 3.3 The contract was based on 3 lots, grounds care, light vehicle fleet and heavy fleet vehicles.
- 3.4 The tenderers were provided with historical data and tasked to cost both, lump sum provision for the supply of tyres and tyre management or a pay as you go facility. Results were evaluated by the relevant operational departments resulting in the tenderers receiving the scores included in Appendix 1 Evaluation Summary
- 3.5 The combined contract savings per annum to the Authority equates to £111k, or £222k over the two years.

## **4 Corporate Considerations**

The contract award supports spending money wisely.

### **4.1 Consultation and Engagement**

- 4.1.1 The contract has been through consultation with Heads of Service and transport staff in multiple service areas and evaluated with both Parks and the refuse collection service.

#### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality, diversity and cohesion screening document has been undertaken and it is not considered that the content of this report or the recommendations made will have any impact on any specific group or individuals.

#### **4.3 Council policies and City Priorities**

- 4.3.1 The services provided under this report will contribute to the Councils business plan through spending money wisely.

#### **4.3.2 Resources and value for money**

- 4.3.1 The contract has been re-tendered to enable market testing to take place and ensure best value has been achieved.

#### **4.4 Legal Implications, Access to Information and Call In**

- 4.4.1 Contract Procedures allows the contract to be re-tendered before its expiry date July 31<sup>st</sup> 2014.

#### **4.5 Risk Management**

Through choosing the pay as you go options for both light and heavy vehicles, there are potential risks the costs could increase due to the numbers of tyres being fitted or repairs and call outs being undertaken

### **5 Conclusions**

- 5.1 A full re-tender exercise has been undertaken for the supply and maintenance of tyres.

### **6 Recommendations**

The Chief Officer CEL is recommended to approve the contract award for supply and maintenance of tyres as follows:-

Light fleet up to 17.5" is to be awarded to Direct Tyre Management on a "pay as you go" basis.

All grounds equipment and Heavy fleet with wheel sizes over 17.5" is to be awarded to GW Tyres. Grounds continue on a fixed fee basis and the heavy fleet on "pay as you go".

For a period of 2 years from September 2014 to September 2016 with the option to extend for a further 2 x 12 month periods.

## 7 Background documents<sup>1</sup>

### 7.1 Appendix 1 Evaluation Summary

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.