



**Report of:** Head of Service, Fleet Services

**Report to:** Chief Officer, Facilities and Fleet

**Date:** June 2017

**Subject:** To use Stoodley Vehicle Auctions for a further 21 months for the provision of auction services for vehicles plant and machinery for Leeds, Bradford and Wakefield Council

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. In 2014 Fleet Services tendered for a two year contract for the auction of vehicles, plant and machinery, to be utilised jointly by Bradford MDC, Leeds and Wakefield. The tender was awarded to Stoodley Vehicle Auctions.
2. The terms and conditions of the contract allowed for the contract to be extended for a further two x 12 month periods from the 1st April 2017 to 31st March 2019.
3. There is evidence from a value for money exercise, that the returns on sales received at auction at least met if not exceeded expected the residual values especially on old vehicles in poor condition.
4. The contract extension report was prepared and submitted in good time but failed to reach the contract award team prior to the primary contract date end of the 31<sup>st</sup> March 2017.
5. Both Bradford and Wakefield had been consulted on the contract and were happy to extend the contract as they also felt it was performing well and giving good returns on vehicles and plant sent to auction.

**Recommendations**

To waive CPR 8.1 and 8.2 Intermediate Value Procurements and award a 21 month contract for the provision of auction services for vehicles, plant and machinery to Stodley Vehicle Auctions.

## **1.0 Purpose of this report**

- 1.1 To waive CPR 8.1 and 8.2 Intermediate Value Procurements in respect to awarding the contract for vehicle, plant and machinery auctions for 21 months to Stoodley Vehicle auctions

## **2.0 Background information**

- 2.1 In 2014 Fleet Services, jointly with Bradford MC and Wakefield tendered for the auction of vehicles, plant and machinery.
- 2.2 The contract was tendered on a 80% price and 20% quality split. Fourteen organisations applied, these were Burnley Auctions, C W Harrison & son, Commercial Vehicle Auctions, Eddisons, Euro Auctions, G3 Remarketing, Manheim, Pro Truck, RAW2K, Ryedale, SMA, Stoodley Vehicle Auctions, Truck & Plant and Wilsons.
- 2.3 Burnley Auctions, Pro Truck and Truck & Plant were excluded due to being unable to evaluate price.
- 2.4 With a greater volume of vehicles to offer to the market, as the tender was a tri-council collaboration with LCC, Wakefield and Bradford MDC the winning tender bid had resulted in a zero cost contract with an additional 0.5% rebate payable back to the relative Councils on quarterly turnover. This is in line with the LCC core value of spending money wisely.
- 2.5 The prices achieved at auction have been in line with estimated residual values based on vehicle types.
- 2.7 The original contract was for two year with the option to extend a further 24 months
- 2.8 The contract extension report was prepared and submitted in good time but failed to reach the contract award team prior to the primary contract date end of the 31st March 2017.

## **3.0 Main issues**

### **3.1 Reason for Contracts Procedure Rules Waiver**

- 3.1.1 In 2014 Fleet Services tendered for a two year contract for the auction of vehicles, plant and machinery, to be utilised jointly by Bradford MDC, Leeds and Wakefield.
- 3.1.2 The contract was awarded to Stoodley Vehicle Auctions from the 1<sup>st</sup> April 2015 with an end date of the 31<sup>st</sup> March 2017.
- 3.1.3 The terms and conditions of the contract allowed for the contract to be extended for a further two x 12 month periods from the 1st April 2017 to 31st March 2019.
- 3.1.4 The contract extension report was prepared and submitted in good time but failed to reach the contract award team prior to the primary contract date end of the 31st March 2017.
- 3.1.5 The contract is needed as vehicles need to be auctioned as and when required due to either end of their usable life or need repairs exceeding the vehicles value due to age or condition.
- 3.1.6 The contract is a joint collaboration between Bradford, Wakefield and Leeds and both other Councils were consulted on extending the contract in February 2017 and reported the existing contract was providing best value for money and approved the extension.

### **3.2 Consequences if the proposed action is not approved**

- 3.2.1 If this waiver is not approved then there will be no formal arrangement in place to dispose of end of life vehicles. This would mean that
- 3.2.2 Due to vehicle condition and market influences there is no clear way of comparing different auction providers for each and every vehicle via quotations.
- 3.2.3 The only variables are auction collection fees and commission fees either based on sale price or a fixed rate.
- 3.2.4 The current provider does not charge any collection fees or sales commission.

### **3.3 Advertising**

- 3.3.1 There has been no advertisement for this contract as it was to be extended as allowed under CPR 21.1
- 3.3.2 The original contract was advertised in line with full EU procurement rules on YOR tender.

## **4.0 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Consultation has taken place between the three Councils and Parks and Countryside utilising this contract to ensure it was providing best value and agreement to extend prior to the end of its primary period at the end March 2017

### **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 Best Council Plan**

- 4.3.1 The services provided under this report will contribute to the Councils business plan through spending money wisely and achieving maximum capital receipts from sale of the Councils disposable assets.

### **4.4 Resources and Value for Money**

- 4.4.1 This contract is used only when there is requirement for disposal of a vehicle, piece of plant or equipment. There are no collection fees or commission and sale receipts are in line with expected written down residual values. The contract is monitored continuously by Fleet Services and throughout the last two years has provided value for money and a quality service.
- 4.4.2 In terms of value for money benchmarking value for money has shown the following:-
- Burnley auctions charge 5% commission fee against the sale, however free collection of the vehicles or plant.

- Wilsons Auctioneers charge £75 commission fee fixed and £90 collection of the vehicles or plant.
- Stoodleys offer no commission and no collection charges to the council, they charge the buyer 10% indemnity fee.

Auction prices against national CAP prices are excellent, fleet and treasury are convinced this contract is value for money.

On another note catering appliances have been sold in the same manner though CEL, with excellent results and this provider is used by most councils and Leeds university.

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

- 4.5.1 This waiver is required due to CPR 21.4 which states that once a contract expires it cannot be extended.

#### **4.6 Risk Management**

- 4.6.1 There could be a risk from challenge from other auction providers but as it is a zero cost service it is deemed as financially low risk.

#### **5.0 Conclusions**

- 5.1 Given that the original contract was performing well with no current performance issues and can be shown to be financially competitive, it would not represent value for money to re-tender the contract at this stage.

#### **6.0 Recommendations**

- 6.1 The Chief Officer of Civic Enterprise Leeds is recommended to approve the waiver of the following Contracts Procedure Rule(s): Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements and award a contract to **Stoodley Vehicle Auctions** in the sum of up to £90,000 . The contract shall commence on the **1<sup>st</sup> July 2017** and expire on the **31<sup>st</sup> March 2019**.

#### **7.0 Background documents**

- 7.1 None

