

Report of: General Manager, Fleet Services

Report to: Director Resources and Housing

Date: April 2018

Subject: Authority to Tender Supply and Maintenance of 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: 10.4 (3) Contract pricing	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Fleet Services are responsible for the repair and maintenance of all council vehicles including third party partnership vehicles. At present this covers over 1200 vehicles ranging from small vans to HGV and refuse collection vehicles. As part of the repair and maintenance the service currently has a contract for the supply and repair of vehicle tyres. The service is unable to undertake tyre maintenance and repair in house so has historically tendered the work to external providers it is the intention to do so again.
2. Further to the requirement for vehicle tyres, Parks and Countryside have a fleet of approximately 300 items of grounds maintenance equipment ranging from lawnmowers to large agricultural tractors. This requirement is also included in the overall demand for tyre maintenance and repair. The current contract was awarded to two providers on the 1st September 2014; Direct Tyre management and GW Tyres. The contracts were awarded as two year contracts, with an option to extend for a further two years, to September 2018. The extensions were taken up by the service in 2016, therefore the service now has to re-let the contract. The original contract was awarded on a price quality split of 80/20 (price). This has proved efficient and the contract has generated £600,000 savings over the 4 year contract.
3. The annual spend on the contract is £555,000, it is envisaged that the expected spend will increase due to market conditions with the price increase of raw materials and forecast tax on imports.

Recommendations

1. The Director Resources and Housing is recommended to approve the request to commence a new tender process for supply and maintenance of tyres for a period of 4 years from 1st October 2018 to 30th September 2022.

1 Purpose of this report

- 1.1 The current contract for the supply and repair of vehicle tyres was awarded in 2014 for a two plus two year period .The service has taken up the approved extension period and is now in a position to commence a new tender process.
- 1.2 The contract will cover the supply, maintenance and repair of all Council vehicle tyres as well as tyres for the Councils Parks and Countryside services and third party partnership vehicle tyres. This will cover approx. 1200 vehicles plus 300 items of Grounds maintenance equipment.
- 1.3 In 2017-18, 4000 tyres were either replaced or repaired.
- 1.4 The purpose of this report is to seek approval to undertake a procurement exercise in order to tender for a contract for the supply and repair of vehicle tyres As well as tyres to support the equipment and machinery used by Parks and Countryside .
- 1.5 The approximate value of the contract is £600,000 per annum.
- 1.6 The recommendation for a 80% price evaluation is due to the high purchase cost of the tyres which is linked to world oil pricing.

2 Background information

- 2.1 Fleet Services are responsible for the repair and maintenance of all council vehicles including third party partnership vehicles. At present this covers over 1200 vehicles ranging from small vans to HGV and refuse collection vehicles. As part of the repair and maintenance the service currently has a contract for the supply and repair of vehicle tyres. The service is unable to undertake tyre maintenance and repair in house so has historically tendered the work to external providers it is the intention to do so again.
- 2.2 Further to the requirement for vehicle tyres, Parks and Countryside have a fleet of approximately 300 items of grounds maintenance equipment ranging from lawnmowers to large agricultural tractors, this requirement is also included in the overall demand for tyre maintenance and repair.
- 2.3 Each year approx. 4000 tyres are replaced due to accident damage or general wear and tear and the current cost is £555,000 per annum.
- 2.4 The service is unable to undertake the repairs themselves so it is the intention to tender for the work. The current contract expires in September 2018. There are three lots to the existing contract as detailed below:-
 - Vehicle tyres up to 17.5” were awarded to Direct Tyre Management on a “pay as you go” basis.

- Vehicle tyres over 17.5” were awarded to GW Tyres Limited on a “pay as you go” basis.
- Grounds Maintenance equipment tyres were awarded to GW Tyres Limited on a fixed price basis.

2.5 In the current contract the supply and maintenance of tyres for road going vehicles was awarded comparing fixed prices using the 2014 fleet list against estimated pay as you go pricing.

2.6 Following consultation with officers in Parks and Countryside, the service decided to opt for a fixed price contract only for Grounds maintenance equipment and no pay as you go option was requested in the tender documents.

2.7 Throughout the contract, analysis has been maintained to assure the service that the pay as you go option was the correct option and the information to date shows that the service has saved the authority over the 4 year contract approx. £600,000 when compared to the option of a fixed price.

2.8 It is the intention therefore for the new contract to ask for both pay as you go and fixed pricing in order that the most competitive price is awarded.

3 Main issues

3.1 Fleet services is required to support and maintain all council vehicles as well as plant and machinery on behalf of Parks and Countryside. This includes the supply and maintenance of tyres.

3.2 The service currently has a contract with Direct Tyre maintenance and GW Tyres. These two contracts are due to expire in September 2018, having used the appropriate extensions allowed.

3.3 It is proposed that for the tender be split between LGV, light commercial and grounds equipment under either fixed or pay as you go options to assure the Council that best value achieved

3.4 Due to the 4000 approx. number of new tyres required each year plus repairs and the diversity of the fleet this service cannot be carried out in-house.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The decision to tender the contract has been discussed with both Procurement, Parks and Countryside and the current contract providers.

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 Council's business plan through spending money wisely.

4.3.2 Resources and value for money

4.3.1 The contract is to be re-tendered to enable market testing to take place and ensure best value is 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 30th September 2018.

4.5 Risk Management

4.5.1 Not carrying out a contract renewal would mean LCC being out of contract having no supplier, in breach of CPR's and unable to provide support for critical services using vehicles and plant.

5 Conclusions

5.1 A full tender exercise is to be undertaken for the supply and maintenance of tyres split between LGV, light commercial and grounds maintenance equipment under either fixed or pay as you go options for all the Council's fleet of vehicles and plant including third party partnership customers using Fleet Services to maintain their vehicles and plant equipment.

6 Recommendations

6.1 The Director Resources and Housing is recommended to approve the new tender process for supply and maintenance of tyres for a period of 4 years from 1st October 2018 to 30th September 2022.

7 Background documents¹

7.1 None.

¹ 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.