

Report of: General Manager, Fleet Services

Report to: Director of Resources and Housing

Date: 27th September 2018

Subject: DN351095 Supply, Fitting, Repair, Maintenance and Management of Tyres and maintenance of tyres contract award

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 to 30th September 2018.
2. The contract was for 2 years starting from the 1st October 2014 with the option to extend a further 2 years.
3. The contract extension was taken and a new contract is now required.
4. The contract was split into 3 lots:- Grounds equipment, light vehicles with up to 17.5" wheel size and heavy goods fleet over 17.5" wheel size.
5. A full tender exercise has been undertaken which was based on a 80% price and 20% quality split and had multiple options of fixed price and pay as you go (PAYG) services for three lots – grounds equipment, light vehicles with up to 17.5" wheel size and heavy goods fleet over 17.5" wheel size.
6. Following the tender evaluations all three lots are to be awarded to G W Tyres Wakefield Ltd on a fixed price basis.

7. Under the new contract arrangement the combined annual contract cost will be £363,996, a reduction of around £200,000 per annum on the previous contract value. The revised lower contract value will reduce the pressure against the 18/19 revenue budget bringing it in line with the total budget for Parks and Fleet.

Recommendations

The Director of Resources and Housing is recommended to approve DN351095 Supply, Fitting, Repair, Maintenance and Management of Tyres contract for a period of 4 years to G W Tyres Wakefield Ltd from 1st October 2018 to 30th September 2022.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award DN351095 Supply, Fitting, Repair, Maintenance and Management of Tyres and maintenance of tyres contract.

2 Background information

- 2.2 Fleet Services have a contract in place for the supply and maintenance of tyres to 30th September 2018.
- 2.3 The grounds equipment was on a fixed price awarded to G W Tyres, light vehicles with up to 17.5" wheel size was awarded to Direct Tyre Management on a "pay as you go" basis and heavy fleet over 17.5" wheel size was awarded to G W Tyres on a "pay as you go" basis.
- 2.4 The contract has provided LCC the opportunity to analyse costs for fixed price and pay as you go services.

3 Main issues

- 3.5 Fleet Services have a contract in place for the supply and maintenance of tyres to 30th September 2018.
- 3.6 The contract was for 2 years starting from the 1st October 2014 with the option to extend a further 2 years.
- 3.7 The contract extension was taken and a new contract is now required.
- 3.8 The contract was split into 3 lots:- Grounds equipment, light vehicles with up to 17.5" wheel size and heavy goods fleet over 17.5" wheel size.
- 3.9 The grounds equipment was on a fixed price awarded to G W Tyres, light vehicles with up to 17.5" wheel size was awarded to Direct Tyre Management on a "pay as you go" basis and heavy fleet over 17.5" wheel size was awarded to G W Tyres on a "pay as you go" basis.
- 3.10 The potential contract value for all three lots in 2016/17 was £565,690, and £541,644.07 so far in 2017/18 with one month's charges still to receive.
- 3.11 A full tender exercise has been undertaken which was based on a 80% price and 20% quality split and had multiple options of fixed price and pay as you go

(PAYG) services for three lots – grounds equipment, light vehicles with up to 17.5” wheel size and heavy goods fleet over 17.5” wheel size.

- 3.12 Four organisations tendered, which were Direct Tyre Management limited, McConechy’s Tyre Services Limited t/a Gordons tyres, G W Tyres (Wakefield) Limited and Vacu-lug Traction Tyres Limited.
- 3.13 Following the tender evaluations all three lots are to be awarded to G W Tyres Wakefield Ltd on a fixed price basis.
- 3.14 Under the new contract arrangement the combined annual contract cost will be £363,996, a reduction of around £200,000 per annum on the previous contract value. The revised lower contract value will reduce the pressure against the 18/19 revenue budget bringing it in line with the total budget for Parks and Fleet.
- 3.15 The tender for “pay as you go” or fixed price was based on current fleet list data, tyres fitted and services provided for a full 12 month period (April 2017 – March 2018).
- 3.16 The tender “pay as you go” against fixed price was higher than fixed pricing on heavy fleet over 17.5”
- 3.17 The tender “pay as you go” against fixed price was £2, 841 lower than fixed pricing at £116,376 per annum on light fleet under 17.5” but due to lessons learnt from current pay as you go contract this saving is not certain, under fixed pricing the contractor has to manage the fleet tyres to get the best life possible to keep their costs to budget.
- 3.18 The tender “pay as you go” against fixed price is £6,557 lower than fixed pricing at £32,820 per annum on grounds equipment but Parks and Countryside also want certainty around contract costs and the extra admin that would be needed to oversee a “pay as you go” contract and therefore have decided for the fixed price option.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The contract has been through consultation with multiple service areas and evaluated with both Parks and Fleet Services.

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 The contract award is a consequence of a previous delegated decision. As a result, it is classed as a significant operational decision and is therefore not subject to call in.

4.5 Risk Management

The tendering risks have been carried out via the usual contracting process by Procurement and Commercial Services. The contract risks will be monitored once the contract is up and running.

5 Conclusions

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

5.2 Following the tender evaluation all three lots are to be awarded to G W Tyres (Wakefield) Limited.

5.3 Under the new contract arrangement the combined annual contract cost will be £363,996, a reduction of around £200,000 per annum on the previous contract value. The revised lower contract value will reduce the pressure against the 18/19 revenue budget bringing it in line with the total budget for Parks and Fleet.

6 Recommendations

6.1 The Director of Resources and Housing is recommended to approve DN351095 Supply, Fitting, Repair, Maintenance and Management of Tyres contract for a period of 4 years to G W Tyres Wakefield Ltd 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.