

**Report of:** Senior Project Officer, PPPU, Resources and Housing

**Report to:** Director of Resources and Housing

**Date:** 15 December 2017

**Subject:** Award of Contract: DN288807 Corporate Telematics

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:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Both appendices 1 and 2 are confidential as they contain supplier specific commercially sensitive information.**

Appendix 1 and 2 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption

### Summary of main issues

1. Vehicles telematics have been procured on an ad-hoc basis by services within the authority since as early as 2006 through to 2016. The authority has approximately 316 units operating across 5 systems. However these systems are variable in terms of cost and incompatible for reporting purposes; so making fleet wide comparisons for improvement and large scale savings problematic.
2. New telematics systems in the current market offer significantly reduced costs with better functionality, more accurate up-to-date information and additional driver behaviour tools including additional data on vehicle emissions; supporting the authorities drive to reduce its fleet emissions.
3. Vehicle telematics have been procured to offer a consistent approach to the authority with known costs, improved functionality and cohesive reporting systems.

## **Recommendations**

4. The Director of Resources and Housing is recommended to approve the request to award a contract to Masternaut to the value of £226,000 per year (suppliers actual bid price, £452,000 over the life of the 2 year contract) through the YPO framework for corporate telematics for 2 years from Autumn 2017 with the option to extend a further 2 years.

### **1.0 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to award a contract for the supply of corporate telematics for the authority's fleet vehicles. The system provider will be a single provider for all service areas.

### **2.0 Background information**

- 2.1 Vehicle telematics, or tracking and reporting systems, have been procured by services within LCC on a case-by-case basis over the years. The historical tracking systems currently used by the authority operate on a number of platforms, managed by local services. Some of the systems date are over 10 years old.
- 2.2 The council's operations have changed significantly over the years and future plans require additional tracking on fleet vehicles and the upgrade of old units currently budgeted for in the relevant service areas. This has resulted in a multitude of systems with varying costs both for initial installations and monthly charges. These systems function on varying platforms with little or no synergies.
- 2.3 Modern systems have greatly improved over the years, in functionality with additional benefits including vehicle emissions and driver behaviour feedback dashboards, thus allowing for the all-encompassing management of vehicles, driving style and collation of carbon reduction information.
- 2.4 To capture the financial benefits to the authority and reduced costs, a procurement was undertaken through the OJEU compliant YPO (Yorkshire Purchasing Organisation) framework (Vehicle Telematics - 589).
- 2.5 Initially procurement was undertaken in early 2017 however it was not possible to award a contract due to the price or qualified nature of the bids and the procurement was aborted. The lessons learned from this procurement led the authority to revise the pricing schedule to get better refinement of prices. With the maximum contract value of £249,000 per year.
- 2.6 In the second procurement clearer information was provided to tenderers regarding the cost of the contract.

### **3.0 Main issues**

- 3.1 In 2015, Leeds was identified by DEFRA as one of six locations in England that is not expected to meet air quality standards by 2020. A significant emissions source is our road network, which contributes to regional background air pollution as well as specific local hot spots. Diesel vehicles below Euro 6 contribute significantly to

NO2 which is the pollutant of concern in Leeds and also to Particulate Matter, both of which significantly reduce the cities air quality. New modern telematics systems provide improved functionality at reduced costs with additional benefits of driver behaviour dashboards and NO2 calculations. To fully utilise modern systems on offer will provide fleet data for the operational staff, fleet management on driver behaviour and information on NO2 emissions to be used in the Carbon Reduction programme throughout LCC.

- 3.2 Proactive steps have already been taken by the authority with regard to its own fleet; the authority has the highest number of EVs amongst its fleet compared to other Local Authorities in England. However the remainder of the fleet are predominately diesel vehicles.
- 3.3 The contract award for corporate telematics would contribute to improved driving styles and monitoring of authority fleet vehicles across Leeds. Quality data detailing routes and idling will enable further measures to be taken to benefit the city. Particular regard could be given to fleet replacements with ULEVs or EVs and fleet deployment in and around traffic hotspots, Air Quality Management Areas (AQMAs) and CAZ (Clean Air Zone) areas. Through the fitting of a corporate system, efficiencies and financial benefits can be realised including additional vehicle security benefits while reducing any off contract expenditure.
- 3.4 Following approval of the procurement plan the project team, consisting of officers from PPPU and fleet, developed the specification and tender documentation.
  - When preparing the method statement questions an evaluation weighting of 65% price 30% quality and 5% sustainability was used.
  - A selection of 7 questions were prepared which included requirements around reporting, system functionality, approach to fault resolution and installations, usability, business planning.
  - Mid July 2017 the tender documents were published on YORtender.
  - On 9 August 2017 five tenders were returned.
  - Three of the submissions were above the stated contract value. As we stated in 9.7 of the Telematics instruction document;
    - *Quality will only be evaluated for those submissions that meet the required price thresholds (i.e if the figure in cell F19 of the pricing schedule is deemed to be unaffordable as per section 8.3.3 of this document, the bid may be disqualified and quality will not be evaluated).*
  - This clause was enacted and the three tenders over the stated contract value were disqualified.
  - Disqualification of these bids over the stated contract price represents best value for the money for Leeds City Council.
  - The remaining two submissions were evaluated by PPPU and fleet representatives on 17 August 2017.

- From the evaluation results one of the two tenders was below the quality scoring threshold.
- The winning bid by tenderer Masternaut achieved highest scores (Appendix 1).

## **4.0 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 The Executive Member for sustainability and environment has been briefed.

4.1.2 Consultations took place with officers from across fleet services and affected service areas. These discussions included the engagement of senior convenors and lead service union officials (drivers) in preparing the policy and protocols with support from corporate health and safety, PPPU teams. This was a joint exercise with PPPU and fleet to ensure robust processes were put in place to underpin the reasons for the systems, potential savings for the Authority, data control and the new GDPR regulations and any driver performance actions as well as the escalation processes.

4.1.3 Future review meetings are also planned as part of the ongoing systems management again involving the original teams at 3 monthly intervals.

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

4.2.1 An Equality Impact Assessment (EIA) was undertaken which highlighted a possible issue for drivers who are colour blind or have reduced hearing. The in-cab bar that forms part of the driver alert and coaching system utilises a red, amber, green system together with an audible alert to highlight to drivers harsh breaking, speeding events etc.

4.2.2 As the system has both visual and audible prompts this mitigates against drivers with some limitations in terms of colour recognition or a hearing impairment.

4.2.3 Training and support will be offered to all drivers on installation of the system and any issues will be further supported discussed and addressed with regard to accessibility through existing line management arrangements.

4.2.4 The in-cab bar system is also supported by smart phone based apps and reports that can be exported in various formats so other support mechanisms that identify driver style and any coaching needs are also part of the system ensuring it is accessible to all drivers within the scope of the system.

### **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 and improving the efficiency of the Councils fleet operation.

#### **4.4 Resources and value for money**

4.4.1 Greater synergies are expected in line with council service collaboration in meeting future service and shared efficiencies. Based on current telematics usage and costs across the Council, it is estimated that the on-going contract spend would be in the region of £249,000 per annum for around 1000 vehicles.

4.4.2 This decision is a consequence of a previous Delegated Decision (flowing from the July 2015 Exec Board) with regard to authority to spend and authority to procure.

4.4.3 Exact spend is expected to be less than this with the lead Tenderer, which was below the price threshold offering potential savings to the authority (Appendix 2) compared to other bids which are significant.

4.4.4 If a future decision was made to exercise the option to extend the contract by a further two years the cost in years three and four would be less; as Leeds City Council would have paid for the hardware in years one and two. Therefore on-going costs would be monthly subscription fees (£8.20 per vehicle) for the remaining term of the contract.

4.4.5 Any spend would be off set with greater efficiencies achieved through improvements to fleet management, fleet utilisation, route planning, fuel economy, driver behaviour and the ability to trace / track any stolen vehicles, reductions in insurance claims and maintenance.

4.4.6 Conservative savings and reductions have been used within the business case of 5% reduction in maintenance costs however data from other authorities and services have shown higher reductions of 10% in maintenance costs. 15% avoided accident and damage costs have been assumed however case studies and feedback from other public sector organisations suggest improvements in the region of 25%.

4.4.7 Additionally, by consolidating the current various providers into a single contracted provider, further savings over the current arrangement can be managed and realised.

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

4.5.1 This is an Significant Operational decision which is a consequence of a previous authority to procure decision published 21.3.17 (report dated 16.3.17).

4.5.2 We are intend to implement a 10 day Alcatel period.

#### **4.6 Risk Management**

- 4.6.1 Risk to the Authority is failure to have systems available which could impact service provision, collaboration, sharing of fleet vehicles across service areas and an inability to locate stolen assets, vehicles or equipment. Further future efficiencies would also be impeded around improvements towards NO<sub>2</sub> reductions and driver behaviour / performance.

## **5.0 Conclusions**

- 5.1 The council aims to reduce its emissions to achieve EU air quality standards by 2020. A step towards this goal will be the savings to be made through improving the efficiency of the authorities own fleet. Through the utilisation of a consistent and transparent vehicle monitoring and reporting system the authority will be able to monitor and improve the emissions of its own fleet.
- 5.2 The five bidders took part in an open and transparent procurement process, resulting in the tenderer with the overall highest score being offered the Contract.

## **6.0 Recommendations**

- 6.1 The Director of Resources and Housing is recommended to approve the request to award a contract to Masternaut to the value of £226,000 per year (suppliers actual bid price, £452,000 over the life of the 2 year contract) through the YPO framework for corporate telematics for 2 years from Autumn 2017 with the option to extend a further 2 years.

## **7.0 Appendices**

Appendix 1 Tender Evaluation Summary (confidential)

Appendix 2 Bid price from Masternaut (confidential)

