

**Report of: Head of Fleet Services**

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

**Date: 26<sup>th</sup> July 2019**

**Subject: Report requesting to commence a procurement exercise for the provision of light and heavy vehicle/managed service**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open 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:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- The authority has accessed a hired vehicle framework (9W2D-4UXM2K) over a number of years for both light and heavy fleet. Fleet Services have historically provided the vehicles through this framework contract initially created by fleet services in consultation with a number of their user departments.
- The contract ends on the 6<sup>th</sup> February 2020 and is due for reprocurement as there are no more extensions available after the initial four year contract period comes to an end.
- The framework of up to 46 lots (including sub lots) covers all hire vehicle from small cars at single day rates to 32T refuse vehicles over longer periods, in addition the framework provides vehicles on spot hire rates initially reducing costs over the duration of the hire.
- The previous framework spend has equated to £1.5m per annum from a number of local SME providers. The hire fleet provides cover as and when required for the authority's fleet vehicles and in addition for additional fleet currently under review as part of the long term hire project.
- The service are keen to modernise and digitize the process across the organisation while improving vehicle compliance and reducing overall costs to the council and operations.

- The contract for a managed digital service is to incorporate governance regulated in line provision while ensuring clarity on service areas, use of vehicles and duration of hire. A number of services hire vehicles directly, the new procurement exercise will ensure that all hire vehicles are recorded at a single point on the digital platform.
- The managed service provided is to support the council's applications to reduce fleet, monitor and manage the hire of vehicles and overall vehicle emissions while ensuring provision is timely and not compromised.
- The new provision to provide digital contract management digital platform to improve management of the fleet and identify all vehicles hired. It will centralise control while supporting operating license and vehicle compliance process on the council fleet.
- The new contract will also be incorporated the use of the councils vehicle insurance section to enable reduced costs of vehicles supplied as part of a third party claims.

## **2. Best Council Plan Implications** (click [here](#) for the latest version of the Best Council Plan)

- Strengthening digital and data 'Smart City' infrastructure and increasing digital inclusion
- Improving transport connections, safety, reliability and affordability
- Improving air quality, reducing pollution and noise

## **3. Resource Implications**

- Resources are available from both CEL to meet the requirements of a tender exercise in order to award a contract for the provision for hire of vehicles.
- There are no additional resource implications once a contract for the hire of vehicles is awarded.

## **Recommendations**

- a) The Director of Resources and Housing is asked to approve the request to commence a new tender process for the hire of vehicles for a period of 3 years from 7th February 2020 to 6th February 2023 with the option to extend a further one 12 month period.

## **1. Purpose of this report**

- 1.1 The purpose of this report is to seek approval to commence a procurement exercise, in order to contract the hire of vehicles with an expected start date of 7<sup>th</sup> February 2020. The contract will be for 3 years, with the option of 1 x 12 month extension.

## **2. Background information**

- 2.1 Fleet Services, have over the years provided a vehicle hire framework with multiple lots. The vehicles provide cover for existing fleet and in addition the opportunity for services to operate additional vehicles as and when required depending on service requirements.
- 2.2 The current hire service is heavily resource dependant, providing services for short and long term hire of fleet vehicles, whilst ensuring they are on the Motor Insurance Database (MID) system.
- 2.3 Vehicles are provided through the Fleet Service hire desk to all areas apart from Parks and Highways. Both Parks and Highways have hired vehicles directly from the framework with no fleet involvement. The new process will capture all hire across the council meaning a greater level of governance and to bring about additional savings.

## **3. Main issues**

- 3.1 Having investigated existing Vehicle Hire Frameworks, Fleet Services have found it difficult in locating a suitable hire solution from an existing framework provision and the issues of some council departments hiring vehicles without the knowledge of fleet services. This will be remedied through managed centralised digital service.
- 3.2 In order to control the hire of vehicles, to ensure transport compliance and implement a rigorous process management of the fleet, Fleet Services intend to procure a hire management service, which will give the added benefits of consolidating data while ensuring compliance of the fleet.
- 3.3 The contract will include an approvals process for all direct hire of vehicles, future data management and add fleet vehicle provision hierarchy options across multiple vehicle types required by the council. The hire vehicle hierarchy allows fleet services to rationalise the hire fleet by areas while reducing costs and ensuring alternative fuel vehicle options are fully utilised.
- 3.4 This managed service will provide internally managed hire contracts to local providers and SME's, offering a real opportunity to implement a managed hire service and monitor the future use through accurate data capture which will lead to a reduced overall spend.
- 3.5 The hire options will include alternative fuel vehicles direct and controlled vehicle provision ensuring vehicle clean air compliance at all times which fits in with the overall Fleet Strategy for the council.
- 3.6 Future high use areas will form part of the future reviews to reduce the need for hire while introducing alternative fuel fleet options as the market develops.

- 3.7 The digital platform will deliver just in time hire at the request of the council with controls established to reduce historical vehicle hire budgets and provide whole fleet data capture savings for the corporate centre while improving the management process to help inform management decisions across service areas.
- 3.8 A managed service approach is the preferred option as it is anticipated it will result in increased data leading to better management and resulting reduced costs and prioritised alternative fuel options.
- 3.9 The new provision will not include the hire of sweepers which will be supplied through the current hire framework which through investigation has proved to be the best value for money currently available. The proposed contract is for short term hire of vehicles whereas the hire of Sweepers is long term hire of a number of specialised vehicles.

#### **4. Corporate considerations**

##### **4.1 Consultation and engagement**

- 4.1.1 It is not considered that the content of this report or the recommendation made will have a significant impact on any particular ward or community.
- 4.1.2 Consultation has taken place with key services and service providers and will continue throughout the process.

##### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality, Diversity, Cohesion and integration screening form has been completed.

##### **4.3 Council policies and the Best Council Plan**

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such the contract for the hire of vehicles will be procured in line with Leeds City Councils Contract Procedure Rules.
- 4.3.2 Evidence of any added social value will be considered and this may be developed as part of the tender process.

##### **Climate Emergency**

- 4.3.3 In March 2019 the council announced a “Climate Emergency”. The council have also committed to transition the majority of its fleet to ultra-low emission vehicles (ULEV) by 2025 dependent upon market forces.
- 4.3.4 The council is due to implement a Clean Air Zone (CAZ) in 2020 and it has made a commitment that all of its vehicles will be compliant with the provisions of the CAZ regardless of whether they would be subject to a charge for entering the zone.
- 4.3.5 The fleet replacement programme from 2018 through to 2020 has seen the councils’ fleet change from primarily diesel powered internal combustion engine vehicles to cleaner electric vehicles. The number of electric and hybrid vehicles on the fleet over this period has grown from 43 to 300, primarily with cars and small vans.

- 4.3.6 The council is in the process of implementing a fleet strategy which will ensure that the first option for consideration is the impact upon the environment this vehicle will have with ULEV being the preferred option.
- 4.3.7 The implementation of a managed approach to the hire of vehicles will ensure that there is greater governance over the types of vehicles that the council hires in the future. This will also ensure that the appropriate vehicle that complies with the Fleet Strategy will be chosen at the point of hire.
- 4.3.8 The council will be able to monitor its emissions (CO<sub>2</sub>, NO<sub>x</sub> and PM) from the fleet and ensure that the cleanest vehicles are chosen for the hire fleet.

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

- 4.4.1 Any contract entered into as a result of the procurement exercise will be used for the provision of hire of vehicles. This forms an essential element in supplying vehicles to key services who support delivery of Leeds City Council services.
- 4.4.2 Any contract entered into as a result of the procurement exercise will be regularly reviewed by monitoring market conditions and trading indices to ensure continuing value for money.
- 4.4.3 Resources are available from both CEL to meet the requirements of a tender exercise in order to award a contract for the provision for hire of vehicles.
- 4.4.4 Fleet Services will also provide resources to manage the hire fleet contract and monitor those vehicles taken as part of that contract.
- 4.4.5 There are no additional resource implications once a contract for the hire of vehicles is awarded.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 The Director of Housing and Resources is authorised to make this decision to commence the procurement process.
- 4.5.2 Advice regarding any procurement exercise, including terms and conditions of contract / arrangement, will be obtained from the Procurement and Commercial Services section to ensure council governance is met, and fair competition is observed.
- 4.5.3 The value of spend on the contract is approximately £1.5m per annum (with a total contract price over 3 years plus 1 x 12 month extension of £6M)

#### **4.6 Risk management**

- 4.6.1 There is no particular risk in approving the commencement of a procurement exercise.

### **5. Conclusions**

- 5.1 The current contract for the hire of vehicles has provided value for money providing financial savings and reduced administration costs.
- 5.2 Not to commence a procurement exercise to award a contract for the provision of hire of vehicles, will mean either the service cannot be provided, or the service will

be made off contract. A tendered service contract would put the requirement on a firm contractual footing.

## **6. Recommendations**

6.1 The Director of Resources and Housing is asked to approve the request to commence a new tender process for the hire of vehicles for a period of 3 years from 7th February 2020 to 6th February 2023 with the option to extend a further one 12 month period.

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

None.

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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.