

# Authority to Procure and Award Vehicle Telematics Contract

Date: 9<sup>th</sup> May, 2022

Report of: Head of Catering and Fleet

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## What is this report about?

### Including how it contributes to the city's and council's ambitions

- The Council spends over £14m per annum on the maintenance, repair and fuelling of its 1,338 fleet of vehicles. In addition to the revenue expenditure there is also an annual capital fleet replacement programme for vehicles which are “approaching end of life”. Following the recent capital programme review the replacement programme stands at an average of around £2m per annum.
- Given this level of fleet related revenue and capital expenditure, in order to maximise efficiencies in fleet operation and to protect the value of fleet assets, in December 2017 the Director of Resources approved a contract award for the installation of telematics to Masternaut Limited for 2 years with an option to extend for a further 2 years. The current contract, after variation of the expiry date, is due to expire towards the end of May 2022. This report seeks both an authority to procure and award a contract to Masternaut using the Crown Commercial Services Framework in accordance with Contract Procedural Rules for 4 years from 1 June 2022.
- The annual estimated spend for the current connected fleet (424 vehicles) is £41,722 relating to the monthly subscription software subscription charge. This does not include any uplift for inflation which means the monthly software costs remain the same as those under the original contract which commenced in 2018. For any additional vehicles which we may wish to connect to telematics there will be a one-off 6% increase applied for the hardware purchase and installation costs which currently total £195. Under the new contact, the 6% increase will equate to a one-off additional charge of £11.70 per vehicle.
- Telematics systems collect GPS data as well as a huge range of vehicle specific data and transmit this to a centralised server which interprets the data. When the data is decoded, it can provide in depth vehicle information which can include location, speed, idling time, harsh acceleration or braking, fuel consumption, vehicle faults and more. Use of telematics data has been shown to improve driver behaviour resulting in reduced fuel consumption, reduction in speeding and a reduction in maintenance spend for vehicles connected to telematics.

- Approving this report and ensuring ongoing telematics connectivity of the currently connected vehicles will enable the Council to meet its climate emergency ambitions by improving air quality through reduced emissions which the technology has proved to be able to deliver, this in turn has obvious health and wellbeing benefits. In addition, the full use of telematics will assist with the inclusive growth priority by reducing unit costs and, therefore, increasing competitiveness

## Recommendations

The Chief Officer Civic Enterprise Leeds is asked to provide authority to procure and award a telematics contract to Masternaut Limited using the Crown Commercial Services Framework for 4 years commencing 1 June 2022 with an annual estimated spend of £41,722. The total estimated value of the contract is £166,888 and the contract will expire on 31 May 2026.

## Why is the proposal being put forward?

- 1 The Council spends over £14m per annum on the maintenance, repair and fuelling of its 1,338 fleet of vehicles. In addition to the revenue expenditure there is also an annual capital fleet replacement programme for vehicles which are “approaching end of life”. Following the recent capital programme review the replacement programme stands at an average of around £2m per annum.
- 2 Given this level of fleet related revenue and capital expenditure, in order to maximise efficiencies in fleet operation and to protect the value of fleet assets, in December 2017 the Director of Resources approved a contract award for the installation of telematics To Masternaut Limited for 2 years with an option to extend for a further 2 years. The current contract, after variation of the expiry date, is due to expire towards the end of May 2022. This report seeks both an authority to procure and award a contract to Masternaut using the Crown Commercial Services Framework in accordance with Contract Procedural Rules for 4 years from 1 June 2022. The annual estimated spend for the current connected fleet (424 vehicles) is £41,722.
- 3 The benefits of installing telematics across fleets fall into four broad themes, all of which are interlinked: mileage and time management, fuel and emissions, safety and security and financial benefits.
- 4 Telematics can ensure managers know where vehicles are and how they are being used. This may benefit the council in a number of ways;
  - Automatic mileage updates can be received by managers to enable proactive servicing and timely replacement of vehicles.
  - Systems are able to identify a vehicle’s location, so the right vehicle and employee can be sent to the closest job and support lone working systems
  - Typical journey patterns can be monitored and reviewed to establish the most efficient route.
- 5 Achieving lower fuel use as a result of lower mileage is just one of the benefits of telematics. Systems can also report on the fuel economy of specific vehicles. By having more accurate, vehicle-specific data, the council can quickly identify where action needs to

be taken, such as with driver training. By improving fuel economy and reducing time spent idling will reduce its total carbon emissions.

- 6 Telematics can provide the information needed to improve safety, reduce accidents and combat vehicle crime. The system can clearly identify speeding, harsh braking and acceleration, over-revving and hours of vehicle use. This information can be used to pinpoint safety issues so drivers and managers can be trained and educated.
- 7 A case study conducted by Masternaut analysing maintenance and fuel costs between similar vehicle types connected and not connected to telematics at Leeds showed savings of between 5%-10% on maintenance costs alone for connected vehicles which would make this ongoing expenditure budget neutral for the Council.

### What impact will this proposal have?

**Wards affected:**

Have ward members been consulted?

Yes

No

### What consultation and engagement has taken place?

- 8 Consultation has taken place with colleagues in Procurement and Commercial Services, HR, Finance and those attending CEL Weekly Assurance Meetings. As a part of the initial telematics contract award and extension, corporate health and safety and trade union colleagues were also involved in the consultation process.

### What are the resource implications?

- 9 The resources implications are an annual expenditure of £41,722 for the 424 vehicles which are currently connected with telematics units. This does not include any uplift for inflation. For any additional vehicles which we may wish to connect to telematics there will be a one-off 6% increase applied for the hardware purchase and installation costs which currently total £195. Under the new contact, the 6% increase will equate to a one-off additional charge of £11.70 per vehicle.
- 10 A case study conducted by Masternaut analysing maintenance and fuel costs between similar vehicle types connected and not connected to telematics at Leeds showed savings of between 5%-10% on maintenance costs alone for connected vehicles which would make this ongoing expenditure budget neutral for the Council.

### What are the legal implications?

- 11 The Crown Commercial Services Framework Agreement is a third party framework agreement that has been established such that public sector organisations can utilise the agreement should they chose to do so. The Agreement has been reviewed by the Legal Team within PACS and has been approved for use by the Council.
- 12 This is a Significant Operational Decision and not subject to call in.

### What are the key risks and how are they being managed?

- 13 A key risk to the Authority is failure to utilise telematics systems which provide the ability to make cost savings, provide health and safety benefits, maintain asset values and provide

an ability to quickly locate stolen vehicles. Having a telematics system in place mitigates these risks.

**Does this proposal support the council's three Key Pillars?**

Inclusive Growth       Health and Wellbeing       Climate Emergency

14 Approving this report will contribute to enabling the Council to meet its climate emergency ambitions by improving air quality through reduced emissions which the technology has proved to be able to deliver, this in turn has obvious health and wellbeing benefits. In addition, the full use of telematics will assist with the inclusive growth priority by reducing unit costs of maintenance and operation.

**Options, timescales and measuring success**

**a) What other options were considered?**

15 Vehicle telematics has been procured to enable a consistent approach with improved functionality and cohesive reporting systems.

**b) How will success be measured?**

16 By the ongoing connectivity of vehicles and reports to and from the telematics system.

**c) What is the timetable for implementation?**

17 New contract to be in place by 1 June 2022.

**Appendices**

18 None

**Background papers**

19 None