

Contract Award for Replacement Loading Shovel with Repair and Maintenance

Date: 11th July 2024

Report of: Deputy Chief Officer, Head of Catering and Fleet Services

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

Brief summary

This report seeks approval to award a contract to Services Machinery & Trucks Ltd (“The Supplier”) to supply one new 20,000kg Loading Shovel for Waste Management to replace an older machine as part of the approved £7.8 million scheme under the Fleet Replacement Programme 2023/24.

This report demonstrates the tender processes undertaken, and results from a recent procurement exercise utilising the Council’s approved third-party vehicle framework, The Procurement Partnership Ltd (“TPPL”).

This new machine is required as soon as possible to replace the existing machine due to its age and condition.

Recommendations

The Chief Officer Civic Enterprise Leeds is requested to:

- a) Approve the award of a contract to Services Machinery & Trucks Ltd in the sum of £290,715 for the supply of a replacement Loading Shovel with repair and maintenance under the approved Fleet Replacement Programme 2023/24 for a period of 6 years from 8th August 2024 to 7th August 2030.
- b) Recognise that both Appendix 1 – Tender Evaluation Matrix (Confidential) and Appendix 2 - Pricing Schedule should be designated exempt from publication in accordance with Information Procedure Rule 10.4(3).

What is this report about?

- 1 This report seeks approval to award a contract to the Supplier for the supply of a new 20,000kg Loading Shovel for a total cost of £290,715 following a recent tender exercise.
- 2 The replacement loading shovel will be used by Waste Management and is part of the approved Fleet Replacement Programme 2023/24 (Key Decision ref: D56489).
- 3 The new machine is required to replace an increasingly unreliable older machine, which has been in service for approximately 8 years and is now proving too costly to maintain, with a hire machine being used frequently to cover significant periods of downtime.
- 4 The decision was taken for the purchase of a new machine to also include a provision for 6 full years of repair and maintenance to be carried out by the winning tenderer, to ensure that the machine remains in serviceable condition for as long as possible. The funding for this repair and maintenance contract will be paid by Fleet, and then recharged from the existing Waste Management budget for vehicle and machine maintenance. As detailed further in paragraph 21, this represents an overall saving for the Council.
- 5 The contract was tendered via a mini-competition utilising Leeds City Council's approved third-party vehicle framework, "TPPL".
- 6 Tender submissions were invited from all the suppliers within Lot 2 of TPPL's North East Procurement Organisation (NEPO) Grounds Maintenance, Plant & Handheld Tools framework.
- 7 The tender ran from 12th April 2024 to 3rd May 2024, and there were bids received from three suppliers.
- 8 The tender submissions were evaluated on a price-quality separated approach, and the evaluation was carried out using consensus scoring with an evaluation team comprised of officers from Waste Management.
- 9 Only the winning bidder passed the quality element of the tender, and therefore they were the only bidder assessed on price.
- 10 Further detail on the tender evaluations can be found in Appendix 1 – Evaluation Matrix (Confidential).
- 11 A standstill period was observed and concluded on 8th July 2024 with no challenges raised.

What impact will this proposal have?

- 12 Replacing the older machine will allow Waste Management to continue their service with greater efficiency.
- 13 The requirement for included repair and maintenance will significantly reduce downtime of the new machine, and consequently will also significantly reduce the need for any replacement hired machines.
- 14 An Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment has been undertaken for this service and included as part of the Authority to Procure report. There are not expected to be any negative impacts in relation to the service provision.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 15 This contract will be replacing an older, unreliable machine with heavy maintenance requirements with a new, more suitable machine with up-to-date emission technology which will contribute towards improving local air quality and will be fitted with a number of safety

technologies to satisfy safety regulations and cut fatal and serious injuries caused by machine operation, for the benefit of everyone's health, safety, and wellbeing.

- 16 The machine will be utilised at a household waste sorting site, and therefore will help to manage household waste and keep our environment clean and promote better health for people and wildlife.

What consultation and engagement has taken place?

Wards affected: All Leeds City Council wards

Have ward members been consulted? Yes No

- 17 Consultation and engagement have taken place between Fleet Services and the end user, Waste Management, on the requirements for the new machine in line with the Fleet Replacement Programme.
- 18 Fleet Services have completed a technical specification for the new machine, which was used as part of the mini-competition through the Council's approved third-party vehicle framework provider, TPPL. TPPL staff, through engagement, confirmed that a mini-competition was the most appropriate route to market for this particular procurement exercise.
- 19 The content of this award report has been reviewed and subsequently accepted by Procurement & Commercial Services (PACS) Legal.

What are the resource implications?

- 20 The tender received from Services Machinery & Trucks Ltd to the total value of £290,715 is in line with expectations for the vehicles to be purchased. Whilst they were the only supplier to pass the quality element, they also provided the cheapest quote of all three bidders. This cost includes the purchase price of the machine and 6 years of repair and maintenance service. A full breakdown of these costs can be found in Appendix 2 – Pricing Schedule (Confidential).
- 21 When determining whether an included repair and maintenance contract would provide good value for money, Fleet Services colleagues investigated the current repair costs for the existing machine over a similar 6-year period. Using these figures, the proposed maintenance contract will equate to an approximately 61% saving over undertaking ad hoc repairs as they are with the current provision.
- 22 The proposed replacement Loading Shovel will be procured from the approved capital budget of £7.8m available to spend under the 2023/24 Fleet Replacement Programme which was approved on 22nd June 2023 (Ref D56489). The repair and maintenance element will be paid and recharged back to Waste Management as part of their existing maintenance budget.

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

- 23 The award of this contract following a mini-competition bears no legal or procurement risks as Fleet Services in conjunction with TPPL have undertaken the procurement exercise in compliance with the Council's Contract Procedure Rules and Public Contract Regulations 2015.

What are the legal implications?

- 24 The decision set out in this report is a Publishable Administrative Decision but is not subject to call-in as it flows from the original Key Decision as referenced above in paragraph 22.

- 25 The tender has been evaluated in accordance with evaluation criteria set out in the tender documents and following this process Services Machinery & Trucks Ltd were identified as the successful contractor.
- 26 Appendices 1 and 2 of this report have been identified as exempt/confidential under the Access to Information Rule 10.4(3) because the public interest in maintaining the exemption outweighs the public interest in disclosing the information and financial details, which could adversely affect the business of the Council and the business affairs of a number of individual companies.
- 27 A standstill period was observed as noted in point 11 of this report, with no challenges raised.
- 28 In making the final decision, the Chief Officer Civic Enterprise Leeds should be satisfied that the chosen course of action is the best course of action for the Council and should be satisfied that taking this action represents best value for the Council.

Options, timescales and measuring success

What other options were considered?

- 29 The option to not procure this machine was considered, but due to ongoing heavy maintenance costs and hire, as well as the machine already being on the approved Fleet Replacement Programme 2023/24, this option was discounted.

How will success be measured?

- 30 Success will be measured with the successful delivery of the new loading shovel, and the removal of the existing shovel and any hired machinery in place.

What is the timetable and who will be responsible for implementation?

- 31 Upon approval of this contract award the machine will be ordered, and the Supplier stated in their tender that current lead times are 20 weeks from point of order.
- 32 The Deputy Chief Officer, Head of Catering and Fleet Services will be responsible for the implementation.

Appendices

- Appendix 1 – Tender Evaluation Matrix (Confidential)
- Appendix 2 – Pricing Schedule (Confidential)

Background papers

- [2023/24 Fleet Replacement Programme](#)
- [EDCI Equality, diversity, cohesion and integration screening form \(leeds.gov.uk\)](#)