

Report of the Strategic Director Place to the meeting of Regeneration and Environment Overview and Scrutiny Committee 20th June 2023

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Subject:

Tender for “Stores Facility Management” – Update from March 2023

Summary statement:

Fleet & Transport Services need to renew the agreement for stores facility management that is currently provided by the incumbent third party Contractor.

The function of the facility is to manage the sourcing, supply and storage of parts and consumables for a fleet of approximately 1,600 vehicles and items of plant.

Due to the estimated contract value being £5m over 5 years, Fleet & Transport Services are submitting this report to the Scrutiny Committee in line with Contract Standing Orders.

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Portfolio:

Healthy People and Places

Overview & Scrutiny Area:

Regeneration and Environment

1. SUMMARY

The scope of the current contract is to source, provide and store parts and consumables for supply to a fleet of approximately 1,600 vehicles and items of plant equipment. This involves dealing with over 25 different manufacturers, and providing a service which is available 365 days per year based within the Council's Fleet Workshop.

Fleet & Transport Services are seeking to implement a new contract using YPO Framework 921 to source a Contractor. By using this framework, we do not have to publish an EU tender as YPO, which is a publicly owned body, have already evaluated and appointed a number of suppliers able to meet the criteria required.

We will only need to publish our specification to the selected framework suppliers and evaluate their responses to source the best overall value for money.

March 2023 update:

Due to a miscommunication surrounding use of this framework, the tender process had already been completed with Fleet Factors being the preferred supplier. The Award of contract had not been done. It was then realised that the YPO framework had expired with no certainty that a renewed framework was in place so the contract award was abandoned, pending a discussion with YPO and a revised tender/call-off via a renewed framework.

June 2023 update:

YPO confirmed that Framework 1117 had been procured and could now be used to source a contract. Category 3 (Managed Stores) of the framework was used to source a contract, with the result being a successful bid (subject to award) by Fleet Factors Ltd.

The contract is required to start 01/09/2023 and the award process will need to be completed in advance at the earliest opportunity. This report is to advise of the process undertaken and need for the contract, prior to award being made.

2. BACKGROUND

The current "Stores Facility Management" contract has been in place since 01/09/2018. Fleet Factors are the current contractor and this is due to expire 31/08/2023. Fleet Factors is privately owned and the Council has no legal interest in it.

The contract ensures the Council's entire fleet has a stock and supply chain of parts and consumables at a reduced price rate in order to minimise downtime for essential services whilst maintaining value for money.

It is proposed that the new contract is awarded through YPO Framework 1117 to start 01/09/2023 and run for 4 years with the option to extend for 1 further year. The estimated total contract value is £5m based on current fleet size and expenditure.

3. OTHER CONSIDERATIONS

Prior to this option various others were considered. We did provide the service “in house” for a while but this was not cost effective as we didn’t have the technical expertise, systems or buying power that is available from private sector companies. There is no current proposal to return to in-house provision.

To insource all requirements, we would need a minimum of two full time employees, at least one delivery vehicle, purchase of bespoke IT systems capable of interacting with multiple national companies and databases. We would also not be able to secure the high volume-based discounts that a national company the size of Fleet Factors, Euro-Car-parts, GSF etc. are able to attain.

Estimated costs for insourcing would be at least £200k to £300k as a minimum per year, based on the above requirements.

4. FINANCIAL & RESOURCE APPRAISAL

Currently, all parts and consumables are sourced by the contractor with costs recharged to the various Council departments when maintenance or repairs are required to vehicles and plant.

The contract includes the supplier to work within Shearbridge Depot, providing two members of staff, all IT systems, stock control, collection and delivery of parts and specialist advice. Additionally, the supplier is to on charge the Council and “on-cost” for the management of the contract and daily operation. This is historically around 10% of contract expenditure (circa £100k per year).

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

The financial risk is minimal as the items are owned and held by the contractor, and only paid for by the Council as and when each item is required for use. All stock held on site belongs to the contractor until it is issued for a job. Likewise, all ICT systems and furniture required to operate the new contract will be supplied by the successful contractor. If for any reason the contractor needed to withdraw from the contract, we would have no liabilities as such beyond those that had already accrued prior to termination.

6. LEGAL APPRAISAL

There are no legal implications other than those touched upon in other parts of this report. There will be employment law issues arising from the proposed TUPE transfers of staff, and vocational pension advice may be required in relation to their pension transfers. Further legal advice may be required on these issues in due course, the transfer should make provision for the return of or transfer of title to the new supplier of any current stock held by Fleet Factors at the date of the new contract.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

All contractors available to submit tenders via the YPO Framework have signed terms and conditions including having equality and diversity policies which mirror or are broadly the same as those operated by the Council, and which permit the Council to implement the public sector equality duty in relation to any matters that arise within the new service.

7.2 SUSTAINABILITY IMPLICATIONS

This contract will help Fleet & Transport Services maintain and repair the Council's vehicles and machinery in the most efficient manner and with the least environmental impact. The repair of, rather than purchase of, new plant and machinery and the re-use of viable parts will minimise the energy used within Council's Fleet and Transport System. This in turn, helps our services to operate as efficiently as possible and contributes to the sustainable use of the Council's resources and equipment.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

Greenhouse gas and particulate emissions will be reduced by efficient fleet maintenance of engines and transmission systems, and the storage of equipment and spares on site will reduce unnecessary journeys.

7.4 COMMUNITY SAFETY IMPLICATIONS

N/A

7.5 HUMAN RIGHTS ACT

N/A

7.6 TRADE UNION

N/A

7.7 WARD IMPLICATIONS

N/A

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A

7.9 IMPLICATIONS FOR CORPORATE PARENTING

N/A

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

N/A

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

- Establish a new Contract via YPO framework – Current contract has proved to be value for money over the last 5 years. Various companies are able to offer this service in line with our requirements.
- Bring back in house – This option is not advised based on previous experience. We do not have the buying power, expertise, ICT systems or staff to be able to match the value that private contractors can provide in this market.

10. RECOMMENDATIONS

That it be noted that:

(i) it is the intention of the Strategic Director, Place, to award a new contract for 'Stores Facility Management' to a third party contractor, through the Yorkshire Purchasing Organisation (YPO) Framework, to commence on 1 September 2023 and run for four years with the option to extend for one further year.

(ii) the estimated value of the 'Stores Facility Management' contract over five years is in excess of £5 million and this matter is therefore reported to the Committee in accordance with Paragraph 4.6 of Part 3G of the Council's Constitution (Contracts Standing Orders).

11. APPENDICES

N/A

12. BACKGROUND DOCUMENTS

N/A