

## CABINET

18 January 2022

<b>Title:</b> Contract for Short Term / Spot Hire Vehicle Requirements	
<b>Report of the Cabinet Member for Public Realm</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Strategic Leadership Director:</b> Lisa Keating - Strategic Director My Place	
<b>Summary:</b> <p>This report presents a proposal to procure all of the Council's short term / spot hire vehicle requirements through the Commercial Services Kent Limited (CSKL) Vehicle Rental Framework via The Procurement Partnership Limited (TPPL). The framework is fully compliant with the requirements of the Public Contracts Regulations 2015 and enables the Fleet Management team to hire vehicles quickly, effectively and compliantly, at short notice, as and when required by departments.</p> <p>The Council's previous contract expired on 14 June 2021. To maintain service delivery, the CSKL framework has been used since that time and, therefore, the four-year term of the new contract applies retrospectively.</p>	
<b>Recommendation(s)</b> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"><li>(i) Agree the use of the Commercial Services Kent Limited Vehicle Rental Framework via The Procurement Partnership Limited for the Council's short-term and spot hire vehicle requirements for the four-year period 15 June 2021 to 14 June 2025, in accordance with the strategy set out in the report; and</li><li>(ii) Delegate authority to the Strategic Director, My Place, in consultation with the Cabinet Member for Public Realm and the Strategic Director, Law and Governance, to enter into the contract and all other necessary or ancillary agreements.</li></ul>	
<b>Reason(s)</b> <p>To assist the Council to achieve its priority of a 'Well Run Organisation'.</p>	

## **1. Introduction and Background**

- 1.1 Historically, the Fleet Management team receive many last-minute / urgent requests for various vehicles due to changes across LBBD i.e., additional refuse vehicles required, due to seasonal fluctuations, vehicles to cover accident damage and breakdowns and any hire vehicles to cover growth within a service while a long-term replacement is sourced.
- 1.2 Complying with LBBD's governance requirements to obtain approval can take time where all the requests received by the Fleet team are required / requested / needed to be in place within days of the request being received.
- 1.3 LBBD needs to be able to fulfil these requirements without having to write individual strategy reports in every case when there is an urgent requirement for fleet vehicles which can be time consuming and causes unnecessary delay in service delivery. The recommended route to market ensures that an order can be placed for the short-term hire of vehicles within a short period of time. This will ensure continued service delivery and compliance of LBBD's Contracts Rules and the Procurement Regulations.
- 1.4 The Cabinet approved a previous report on 15 April 2019 for the framework to be used for short / spot hire, for the period June 2019 to June 2021. The new framework has been used since 15 June 2021 and, therefore, retrospective approval is also required to compliantly use the framework for the period up to 1 February 2022. The estimated spend for the period 15 June 2021 to 1 February 2022 is circa £323,000.

## **2. Proposed Procurement Strategy**

### **2.1 Outline specification of the works, goods or services being procured**

- 2.1.1 Short-term / spot hire of various vehicles which includes refuse vehicles, coaches, minibuses, cars, vans, tippers etc. on hire from 1 day to 12 months as per the framework agreement. All short-term hires come with full maintenance, Tax, MOT (if required) and glass cover. Tyres are covered for fair wear and tear only. Insurance is covered by the Council's corporate policy.

### **2.2 Estimated Contract Value, including the value of any uplift or extension period**

- 2.2.1 The previous Cabinet report estimated expenditure of up to £2m for the two-year period June 2019 to June 2021. Due to existing stock now being replaced with new modern vehicles, the requirement for short/spot hire vehicles should decrease. Taking that into account and based on recent spend, the table below shows that the predicted annual spend over the four-year term to June 2025 will be £2m:

Year 1	£700k
Year 2	£550k
Year 3	£450k
Year 4	£300k

## **2.3 Duration of the contract, including any options for extension**

2.3.1 Each short term / spot hire vehicle requirement will not exceed 12 months, as stipulated in the framework. Call off from the framework for any vehicle requirements for longer than this period will be procured in accordance with LBBD's Contracts Rules. The Framework is for a 4-year period from June 2021 to June 2025.

## **2.4 Is the contract subject to (a) the Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If yes to (a) and contract is for services, are the services for social, health, education, or other services subject to the Light Touch Regime?**

2.4.1 Yes. Some of the short term / spot hire vehicle requirements may be subject to the PCR 2015 but is outweighed by using a compliant route to market.

## **2.5 Recommended procurement procedure and reasons for the recommendation**

2.5.1 To utilise the Commercial Services Kent Limited (CSKL) Vehicle Rental Framework via The Procurement Partnership Limited (TPPL) for short term / spot hire vehicle requirements.

2.5.2 TPPL have over 690 organisations as members, of which LBBD is one. TPPL carry out compliant tenders for a range of vehicles required by the public sector to create a list of Frameworks. Members can access organisations through these Frameworks.

2.5.3 The CSKL Vehicle Rental Framework consists of the following Lots:

- Lot 1: Hire of Passenger Cars
- Lot 2: Hire of Light Commercial Vehicles (LCVs) up to 3.5t
- Lot 3: Hire of Medium Commercial Vehicles (MCVs) 3.5t up to 12.5t
- Lot 4: Hire of Welfare Buses 5 seat up to 72 seats
- Lot 5: Hire of Sweepers up to 18.5t
- Lot 6: Hire of Heavy Goods Vehicles (HGVs) up to 44t

2.5.4 The Framework is designed to operate through an online pricing and booking platform which all suppliers on the Framework are required to integrate with and upload pricing to, to enable TPPL members to access competitive, compliant pricing from a wide range of suppliers on a wide range of vehicles. Vehicle hire bookings can be completed through the online platform.

2.5.5 The Framework commenced on 15 June 2021 and expires 14 June 2025. This option was considered due to ability to be able to carry out a further competition quickly and compliantly and because of the large number of varied suppliers, some of which whose services are currently being utilised by LBBD.

## **2.6 The contract delivery methodology and documentation to be adopted**

2.6.1 The Framework terms and conditions will be utilised.

## **2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

- 2.7.1 By utilising the Framework and rate book LBBB are looking to match or improve on the prices we are charged from our current suppliers via a compliant route to market. This will result in saving officers time by not continually preparing reports.
- 2.7.2 By managing the process more effectively and briefing the fleet admin team and monthly checks completed by Head of Operation all short term / spot hires will be challenged, supported by a hire requested document and authorised by the Head of Service. Other council assets will be checked for full utilisation before hire is agreed.
- 2.7.3 With more control put in place we would expect to see a reduction in cost over the 4-year term and better utilisation of already owned vehicles. Due to fluctuation in demand, it may raise and lower dependant on department's needs, and any new services, eg. Food waste service.

## **2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**

- 2.8.1 Tenders will be evaluated on price (checked against the TPPL rate card) and vehicle availability and agreed with Head of Operations and the requesting departments Head of Service.

## **2.9 How the procurement will address and implement the Council's Social Value policies**

- 2.9.1 Where the short / spot hire value exceeds £100k suppliers will be required to make social value commitments. The Fleet team will monitor them throughout the vehicle short/spot hire term.
- 2.9.2 All Social Value commitments that are agreed with the successful supplier will be binding and these will be managed and reported on as apart to the Contract Management process.
- 2.9.3 Due to this being a framework with multiple suppliers the social value will start once individual suppliers meet the £100k social value threshold.

## **2.10 Contract Management methodology to be adopted**

- 2.10.1 Limited contract management is required as vehicles will be short term / spot hired from the framework as and when needed through various suppliers linked to the framework. Prices and availability will determine which supplier is selected at the time. Management will be carried out by the fleet admin team utilising Tranman to ensure 12 months hire is not exceeded with overall monthly checks completed by the Deputy Head of Operations.

## **3. Options Appraisal**

- 3.1 **Do nothing – Rejected:** There is a requirement for vehicles to be spot hired urgently by the Fleet team. LBBB must fulfil these urgent and unplanned

requirements without having to write individual strategy reports in every case as this is time consuming and causes unnecessary delay in service delivery. Fleet services are issued with numerous last-minute requests for spot (short-term) hire of various vehicles for various reasons so short-term hire of vehicles is required. Many requests for vehicles (vehicle dependent £100 pw to £1,000 pw) can easily push the Fleet team into non-compliant spend, forcing the need for reports to be drafted and go through internal governance processes which can be time consuming.

- 3.2 **ESPO Framework no. 271 (Vehicle Hire – Self Drive) – Rejected:** This provides a solution for self-drive hires of vehicles such as LCVS, passenger transport and specialists vehicles such as refuse collection vehicles and sweepers on a short to medium basis. The Framework can be used by public sector bodies and offers options for further competition and bespoke solutions. The Framework commenced on 1<sup>st</sup> October 2020 and expires 30<sup>th</sup> September 2022 with an option to extend until 30<sup>th</sup> September 2024. This option was rejected as it does not have several suppliers that we currently use that are local to LBBB.
- 3.3 **Crown Commercial Services (CCS) Framework no. RM6013 (Public Sector Vehicle Hire Solutions) – Rejected:** This agreement gives customers access to a wide range of short or long-term hire vehicles including: cars, light commercial vehicles, 4x4 vehicles, minibuses, heavy goods vehicles, and car share. The Framework commenced on 5<sup>th</sup> September 2019 and expires on 4<sup>th</sup> September 2022 with an option to extend until 4<sup>th</sup> September 2023. This option was rejected due to limited vehicle scope and supply base. None of which are our current suppliers or local to LBBB.
- 3.4 **Spare Fleet vehicles – Rejected:** This option was considered but due to the fleet being so diverse it would be incredibly hard to calculate the correct quantity of vehicle types and combinations. Parking would also be a concern when the vehicles aren't in use as space is limited on site.

#### 4. Waiver

- 4.1 Not applicable.

#### 5. Consultation

- 5.1 The proposals in this report were considered and endorsed by the Procurement Board at its meeting on 16 December 2021

#### 6. Corporate Procurement

Implications completed by: Sam Woolvett, Category Manager, Inclusive Growth

- 6.1 This report outlines the intention to use the Commercial Services Kent Limited (CSKL) Vehicle Rental Framework via TPPL as the preferred route to market where the fleet team can carry out quick and compliant mini competitions based on price and availability for LBBB's fleet requirements over the framework period. This route to market is compliant with the Councils procurement rules and with the UK Procurement regulations.

6.2 Running full open market tenders are unrealistic as vehicles are required with little or no notice.

## 7. Financial Implications

Implications completed by: Joel Gandy, Finance Business Partner

7.1 Within Public Realm, Fleet Management are responsible for acquiring and maintaining the Council's Fleet whether that be owned, leased, or hired vehicles and trailers. The relevant services using the vehicles are then recharged costs associated to these assets. The table below shows the level of hire purchase expenditure over recent years:

	2019/20	2020/21	2021/22*
Spot Hire	£1.075m	£0.936m	£0.700m

\* Estimate for 2021/22 and for the avoidance of doubt, this table does not include lease expenditure.

7.2 The table above reflects the fact that hire purchase costs have begun to fall due to less vehicles needing to be required through spot hire. This is primarily down to the Fleet Vehicle Purchasing Strategy which commenced in 2018 and is ongoing. The purchasing of Fleet vehicles, as appose to leasing or hiring, does reduce the probability of breakdowns and long term hired vehicles at a more cost-effective price. However, hire requirements will continue to be necessary for planned vehicle maintenance, cover for vehicles involved in accidents and to cope with additional short-term demand.

7.3 This report recommends agreement to use the Commercial Services Kent Limited (CSKL) Vehicle Rental Framework which operates over a 4-year period up to June 2025. The estimated contract value for LBBB is £2.0m due to the expectation that hire purchase expenditure should continue to reduce year on year based on current services and demand levels.

7.4 As the vehicles being purchased through the forementioned procurement strategy require repayment with interest over the coming years, it is essential to maintain rigorous control over the transport budgets across the authority by limiting expenditure on leasing, repairs and hire purchases.

## 8. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

8.1 This report is seeking approval to use the Commercial Services Kent Limited (CSKL) Vehicle Rental Framework via The Procurement Partnership Limited (TPPL) for short term / spot hire vehicle requirements.

8.2 This report states that the total value of the procurement will be up to a maximum of £2 million over a period of 4 years, which is in excess of the threshold for supplies and service contracts meaning that there is a legal requirement to competitively tender the contract in Find a Tender. The Public Contracts Regulations 2015 (the Regulations) permit contracting authorities to call off valid frameworks in order to procure goods, services, works, as required. In compliance with the principles of the

Regulations this procurement process has to be transparent, non-discriminatory, and fair. It is noted that this framework has been procured in compliance with the Regulations and permits access to all Local Authorities in the UK. The framework is valid until June 2025.

- 8.3 The requirements for competitive tendering, as contained within the Council's Contracts Rules, are met as Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the call-off is made in line with the Framework terms and conditions.
- 8.4 The report author and responsible directorate are advised to keep Legal Services fully informed; Legal Services will be on hand to assist in reviewing and completing any call off terms and sealing the contract.

## **9. Other Implications**

- 9.1 **Risk and Risk Management** - A delay in delivery of vehicle requirements would cause a delay to services with a possible risk to reputation. Having a compliant route to market also reduces the risk of uncompliant spend of LBBD's finances.
- 9.2 **TUPE, other staffing and trade union implications** – There are no staffing issues associated with the proposals.
- 9.3 **Corporate Policy and Equality Impact** – An Equality Impact Assessment (EIA) screening was completed, and it was agreed that a full EIA assessment was not needed in this case.
- 9.4 **Safeguarding Adults and Children** – Having the option to source vehicles at short notice will ensure the service we provide to the borough remains consistent to the safe movement of vulnerable adults and children.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:** None