

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY	
date	1 AUGUST 2003	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

CONTRACT FOR VEHICLE AND (LIMITED) EQUIPMENT MAINTENANCE SERVICES

1 PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek authority to enter into a Vehicle Maintenance contract covering the next two years (Apr/May 2003 - Mar 2005) with an option to extend the contract for a further three (Apr 2005 – Mar 2008).

2 BACKGROUND

REVIEW AND TENDER PROCESS

2.1 Following the introduction of the Local Government Act and the requirement for local authorities to achieve “Best Value” the Transport Section undertook a Best Value Review of the maintenance services provided by the Environmental Services Department of Nottinghamshire County Council. In the summer of 2000 First Procurement Associates were employed to conducted this review, its main outcomes and recommendations were:

- That the ratio of planned (routine servicing and inspections) against unplanned maintenance (breakdowns and defects) is too high.
- The Authority should seek competitive tenders for the provision of maintenance services.
- The maintenance contract should contain suitable measures to ensure that NF&RS has control over all the work carried out for it.

2.2 In addition to the Best Value Review the Transport Section was also subject to a Value for Money audit by PricewaterhouseCoopers acting for the Audit Commission. The principle points from the auditors were requirements for:

- Increased resources for contract management
- Improved collection and immediacy of contract management information
- Use of both of the above to reduce the ratio of planned to unplanned maintenance

- 2.3 The maintenance contract was tendered under the European tendering procedure for public procurement with a contract document that addressed all of these issues, (with the exception of increasing the resources, this is the subject of a separate report to this meeting).
- 2.4 The OJEC advertisement prompted four expressions of interest, two from the public sector and two from the private sector: Nottinghamshire County Council (NCC), Derbyshire County Council, Ryder Plc and The Leasing Group. All four prospective tenderers were supplied with the tender documentation and all indicated they would respond. NCC and Ryder Plc submitted a response, while the other two declined to tender (only informing NCC Legal Services of this fact on the day of the tender return).

3 TENDER EVALUATION

- 3.1 Of the two tender submissions only NCC's was a fully compliant tender offering the full range of maintenance services. NCC's bid did, however, place conditions on reaching the required level of performance in business management. Ryder Plc submitted a tender that was compliant in spirit, in that it would fulfil all the basic requirements of the contract but without the full range of services and subject to some provisions Ryder had stipulated.
- 3.2 Given that it was somewhat difficult to make absolute comparisons between the tenders a considerable amount of analysis work was carried out against previous service and maintenance records to assess which of the service providers could provide the best service. Comparisons were made between both tenderers' assessments of required labour hours and these were compared to industry and manufacturer recommendations.
- 3.3 Following the analysis the key points of the tenders are:
 - In their initial submission, Ryder were of the opinion that TUPE did not apply and had priced the contract accordingly. Subsequent independent legal advice indicates that TUPE will apply after which Ryder advised that the price for the labour element would be increased by fifty per cent. Ryder were seeking an indemnity from the Fire Authority in the event that TUPE did apply and therefore the risk associated with this was not to be borne by Ryder.
 - At a financial level the planned preventative maintenance element with Ryder's non-TUPE costing, the cost of the services would have been approximately £15k pa (£75k over the full contract period) in favour of Ryder Plc. With the labour rate adjusted for TUPE this swings in favour of NCC to the value of circa £12k pa (£60k over the life of the contract).
 - There is, however, some additional work beyond preventative maintenance which cannot not be carried out by Ryder. This would effectively add a further £10.5k to the overall costs if Ryder were selected.
 - The final position financially therefore is that £115k separates the two bids over the period of the contract, NCC being the lowest cost.

- In addition to the financial element, NCC can offer a one-stop shop for all services; Ryder will have to sub contract any major repairs, modifications or refurbishment. The implications for NF&RS being that any planned activity would have to be offered to tender, albeit at a local level. This would have implications for the Transport Section staff and be time consuming but they would not be insurmountable.

4 FINANCIAL IMPLICATIONS

- 4.1 The labour rates submitted by both tenderers were within a pound per staff hour, prior to the inclusion of TUPE, albeit this represents an increase of 12% for NCC. The maintenance budget has absorbed a 25% increase in labour rates over the last six years without significant increase. With the careful management of maintenance expenditure it is probable that the budget will not be significantly greater than in previous years. NF&RS must recognise that to enable the Transport Section to manage the maintenance budget it will be necessary to carry out detailed analysis of the bills and the quality and quantity of work delivered via this contract. This issue is the subject of a further paper to the Fire Authority.
- 4.2 The budget implications are largely in line with the current budget arrangements, but greater control and contract management could realise some savings.

5 PERSONNEL IMPLICATIONS

- 5.1 There are no specific personnel implications arising from this report, however, there are implications in relation to the appointment of a member of staff to assist with the management of this contract.

6 EQUAL OPPORTUNITIES IMPLICATIONS

- 6.1 The tender procedure followed the European guidelines and was openly advertised. It is a prerequisite of the contract that the Contractor complies with all applicable equality and fairness legislation, both at work and in the wider community.

7 RISK MANAGEMENT IMPLICATIONS

- 7.1 The contract schedules are designed to minimise risk to the individual and the organisation as a whole by ensuring all maintenance activity, both planned and unplanned, are carried out in a manner that complies with the relevant manufacturer's instructions, and by competent personnel, thereby safeguarding the users and members of the public. In addition, the risks to the organisation through financial impropriety and other litigation, such as environmental pollution, have been addressed.

8 RECOMMENDATIONS

- 8.1 That the Fire Authority should enter into a vehicle maintenance contract with Nottinghamshire County Council, providing that an implementation plan with defined milestones can be agreed.
- 8.2 Pending successful agreement of suitable milestones and that both parties are in agreement over contract pricing and all other contract management issues, that the contract period be extended by another three years at any time.

9 BACKGROUND PAPERS FOR INSPECTION

None

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