

Executive Board 16 June 2020

Subject:	Provision of Parts at Garage Stores Workshops		
Corporate Director(s)/ Director(s):	Andy Vaughan, Corporate Director for Commercial and Operations		
Portfolio Holder(s):	Councillor Adele Williams, Portfolio Holder for Adult Care and Local Transport		
Report author and contact details:	Clare Pinnegar, Customer Accounts Administrator and Auditor, Parking Services. 0115 8764774 clare.pinnegar@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: Up to £10.4 million			
Wards affected: City Wide	Date of consultation with Portfolio Holder (07/05/2020):		
Relevant Council Plan Key Theme:			
Nottingham People			<input type="checkbox"/>
Living in Nottingham			<input type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The current contract for the provision of vehicle parts at the garage workshops is due to expire on 31st March 2021. The workshops located at Eastcroft and Woolsthorpe Depots, service and repair 475 fleet vehicles and plant, as well as 425 vehicles for third parties.</p> <p>To comply with Financial Regulations, Nottingham City Council need to ensure that a new contract is in place on expiry of the current one.</p> <p>Keeping the fleet vehicles on the road and able to undertake their various tasks is vitally important to all citizens of Nottingham and a contract is required with a parts supplier who will be able to provide a competitively priced solution at the level of quality Nottingham City Council expects. A quality parts supplier will help ensure value for money is provided by any council activity which involves the use of vehicles.</p>			
Exempt information:			
None			
Recommendation(s):			
1 To approve Fleet Services to proceed to tender for the provision of parts for its garage workshops.			
2 To approve spend of up to £10.4 million on a 3+3+1+1 contract.			
3 To delegate authority to the Director of Neighbourhood Services to award and sign the necessary contract(s) and extensions to the chosen supplier.			

1 Reasons for recommendations

- 1.1 If we remained with our current supplier (Fleet Factors) but out of contract we would not be able to secure the same lower prices that were obtained under the contract and would be in breach of procurement regulations.
- 1.2 It is in the best interests of the Council to go to tender to source the most competitive supplier for our needs going forward. As the spend with Fleet Factors exceeded £1.3 million in the period January to December 19, small savings made on individual vehicle parts can result in a large saving overall (80% of spend is on 16% of part types)
- 1.3 Starting a tender process now will allow ample time to secure the best deal in terms of costs and quality of service and for Fleet Services to ensure a smooth transition to a new supplier by the end of March 2021, minimising disruption to services.

2 Background (including outcomes of consultation)

- 2.1 Consultation on pricing, quality of service, Service Level Agreement and Key Performance Indicators will all be covered as part of the tender questions and responses received, to ensure that the contract is awarded to the supplier who can offer best terms. No consultation needs to be undertaken beforehand.
- 2.2 The spend over the initial 3 year period of the contract is expected to be £4 million. The contract will have the option to be extend by a further 3 years and then two further periods of 12 months each. If the contract is extended over the 8 years, the spend based on current estimates, will be £10.4 million.

3 Other options considered in making recommendations

- 3.1 To run the stores workshops using Nottingham City Council staff to source vehicle parts as necessary.
- 3.2 Nottingham City Council ran its own part store for some years before Fleet Factors were awarded the contract. The decision to outsource has saved Nottingham City Council around £90,000 per year; since 2014-15 this amounts to over £500,000 saved.
- 3.3 Insourcing parts has been rejected as using a supplier has proved to be a more cost effective solution to provide parts, maintain stock and man the stores. Outsourcing option means the suppliers takes on all the responsibilities of running the workshop, and due to the economies of scale for purchases, they are able to secure competitive prices which Nottingham City Council would not be able to match.

4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 As stated in paragraph 1.2 the expenditure with Fleet Factors for the 2019 calendar year was c.£1.3m. The value of this approval assumes that the expenditure on parts will remain stable for the next 3 years.
- 4.2 Fleet Services has responsibility for purchasing vehicle parts for NCC's fleet but the budgets for the maintenance of vehicles are decentralised to service areas. Allowing Fleet Services to procure parts on behalf of other service areas will

enable NCC to gain greater value for money and economies of scale than if service areas were to procure parts individually.

- 4.3 Before any option to extend the contract is exercised Fleet should review the contract to ensure that it still provides value for money, Finance colleagues will assist this review as necessary.

Matthew Connell – Commercial Business Partner 29/05/2020

5 Legal and Procurement colleague comments (including risk management issues, and including legal, Crime and Disorder Act and procurement implications)

- 5.1 This report does not raise any significant legal issues provided the contract for the supply of the parts is awarded in accordance with the City Council's Financial Regulations and the Public Contracts Regulations 2015.

Andrew James -Team Leader Commercial, Employment and Education
25/02/2020 and confirmed at 29th May 2020

- 5.2 Procurement colleagues will assist with the tendering exercise to ensure a fully compliant value for money contract is entered into.

Paul Ritchie - Procurement Category Manager 27/05/2020.

6 Social value considerations

- 6.1 Nottingham City Council must have a robust vehicle workshop at each of its depots to ensure that NCC fleet, which includes refuse collection vehicles, sweepers, road gritters, minibuses, meals at home vehicles as well as various types of plant, are all kept working and are able to undertake their respective tasks. It is vitally important that these services are not interrupted as this would be detrimental to the community in many/various ways.

7 Regard to the NHS Constitution

- 7.1 Not applicable

8 Equality Impact Assessment (EIA)

- 8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

(Please explain why an EIA is not necessary) An EIA is not required because the provision and issuing of parts at the garage workshops is an internal process and will not affect any group of people, either positively or negatively.

Yes



Attached as Appendix x, and due regard will be given to any implications identified in it.

9 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

- 9.1 None

10 Published documents referred to in this report

10.1 None