

# Finance and Resources Committee

10.00pm, Thursday 30 October 2014

## Fleet Replacement Programme – Supply and Delivery of Cars and Vans

Item number	7.23 (b)
Report number	
Executive/routine	
Wards	All

### Executive summary

---

This report recommends that Finance and Resource Committee approves the award of the Supply and Delivery of Cars and Vans to Peugeot Motor Company PLC.

It is proposed that the new Contract will commence on 20 November 2014 for a period of approximately four years.

### Links

---

Coalition pledges	<a href="#">P44</a> , <a href="#">P49</a>
Council outcomes	<a href="#">CO18</a> , <a href="#">CO25</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Fleet Replacement Programme – Supply and Delivery of Cars and Vans

### Recommendations

---

- 1.1 It is recommended that Committee approves the appointment of Peugeot Motor Company PLC to supply and deliver 268 cars and vans.

### Background

---

- 2.1 The Fleet Replacement Programme aims to replace the existing fleet of Council vehicles over the next five years. This Programme aims contribute to savings of £1.4m through the purchase of vehicles that deliver value for money, effective usage and lower maintenance costs. As part of the Programme, the Travel and Fleet Team is seeking to replace a significant part of the current fleet of cars and vans operated across the Council. The age of the current vehicles is making them difficult and expensive to maintain and can affect front line Council services when the vehicles breakdown. The overall size of the cars and vans fleet will remain the same with 268 vehicles purchased to replace 268 vehicles.
- 2.2 The Fleet Replacement Programme has identified a requirement to purchase the following vehicles:
- 32 x 3 Door Cars
  - 22 x 5 Door Hatchbacks
  - 83 x Small Vans
  - 107 x Medium Vans
  - 24 x Large Vans
- 2.3 The existing vehicles will be replaced as follows:
- 164 x Hire Vehicles – these vehicles will be returned to the hire company and any damage/non fair wear and tear made good will be charged back to the hiring department.
  - 61 x Fleet – Leased - the leased vehicles are to be returned to the lease company and any damage/non fair wear and tear made good will be charged back to the hiring department. There are some stipulations by the lease company on minimum MOT length remaining on the vehicles which may need to be met e.g. to be returned with a minimum of 3 months remaining on the MOT.

- 43 x Fleet – Owned – a small number of vehicles owned outright will be retained to create fleet maintenance spares. The remaining vehicles will be sold through auctions (this option protects Council from litigation if sold directly).

## Main report

---

- 3.1 This contract is for the outright purchase of cars and vans to the Council. The vehicles will be used for a period of approximately four years and thereafter reviewed as part of the ongoing Fleet Replacement Programme.
- 3.2 The mini-competition was advertised on Public Contracts Scotland advertising portal on 6 August 2014 using the Scotland Excel Cars and Light Commercial Vehicles Framework Agreement.
- 3.3 The commercial and technical evaluations were carried out by the Travel and Fleet (three Travel and Fleet Officers) service and a departmental representative (one officer from Building Services), overseen by a representative from Commercial and Procurement Services. The pricing evaluation was undertaken after the completion of the quality evaluation.
- 3.4 A ratio of 70% commercial and 30% technical was used to ensure that suppliers were evaluated on their ability to provide vehicles at competitive rates and to measure their ability to meet high performance requirements.
- 3.5 Suppliers shortlisted under Lot 1 Cars/Multi Purpose Vehicles (MPV), Lot 2 Vans and Lot 4 Panel Vans of the Scotland Excel Framework Agreement were invited to participate in the mini-competition.
- 3.6 Fifteen suppliers were identified as being able to fulfil the requirements of this Contract and were invited to submit tenders via Public Contracts Scotland.
- 3.7 Seven suppliers submitted a tender before the tender submission deadline of 22 August 2014.
- 3.8 Tender submissions were evaluated following the evaluation criteria as per section 3.4 and following an evaluation meeting as per section 3.3, Peugeot Motor Company PLC have been identified as the preferred bidder.
- 3.9 Peugeot Motor Company PLC scored highest in terms of price and third highest in terms of quality during the tender evaluation and offer the most economically advantageous bid to the Council. A summary of the scoring/pricing is detailed in the following table:

<b>Tenderer</b>	<b>Price Score (%)</b>	<b>Quality Score (%)</b>	<b>Overall Score (%)</b>	<b>Rank</b>
<b>Bidder A</b>	70.00	21.15	91.15	1
<b>Bidder B</b>	66.41	24.49	90.90	2
<b>Bidder C</b>	69.84	12.89	82.73	3
<b>Bidder D</b>	57.73	23.88	81.61	4
<b>Bidder E</b>	63.74	17.23	80.97	5
<b>Bidder F</b>	60.13	10.71	70.84	6

3.10 If Peugeot Motor Company PLC are appointed, the vehicle specific breakdown of costs is as follows:

<b>Vehicle Type</b>	<b>Number of Units</b>	<b>Cost per Unit (incl. options)</b>	<b>Overall Cost</b>
<b>3 Door Cars</b>	32	£9,164	£293,262
<b>5 Door Hatchbacks</b>	22	£9,387	£206,531
<b>Small Vans</b>	83	£9,661	£801,914
<b>Medium Vans</b>	107	£12,793	£1,368,885
<b>Large Vans</b>	24	£13,194	£316,670
<b>Total</b>			<b>£2,987,263</b>

3.11 Travel and Fleet examined alternatively fuelled and hybrid vehicles to meet some or the entire fleet requirement in terms of cars and vans. All of these vehicles carry a significant increase in cost to the standard vehicle.

3.12 Travel and Fleet has registered the Council's interest in "Switched on Fleets". This is a Transport Scotland initiative which will examine the Council's fleet and make recommendations as to the deployment of Electric vehicles within the fleet.

It provides funding to cover the price differential between a diesel vehicle and an electric vehicle.

- 3.13 There is some spare charging infrastructure capacity to have more electric vehicles within the Council fleet. This process has only just started and no firm timescales have been established.
- 3.14 The vehicle specification asked for Euro VI engines as a preference. However, no supplier was able to meet this.

## Measures of success

---

- 4.1 The cars and vans procured will be more reliable and will reduce the expensive practice of using “spot hires” to supplement the existing fleet.
- 4.2 The new vehicles will be fitted with Euro V engines improving air quality with reduced Nitrogen Oxide and Particulate Matter (PM<sub>10</sub>).
- 4.3 Front line Council services will improve with reduced vehicle failure and lower maintenance costs.
- 4.4 The vehicles have improved Contract Management arrangements. The quality of the vehicles will be higher and cheaper to maintain through a lower risk of vehicle breakdown and more environmentally friendly vehicles.

## Financial impact

---

- 5.1 The overall estimated Contract value is £2,987,263. This includes the list price of the vehicles combined with optional extra costs such as stop start technology, reverse sensors, additional warranty and additional key sets.
- 5.2 A budget is available and the final method of financing the vehicles will be decided after the vehicles have been purchased. Treasury will carry out a financial options appraisal to identify the method of finance that will deliver best value for the Council.
- 5.3 Options that will be considered include (i) Operating Lease and (ii) Public Works Loan Board (Prudential).
- 5.4 The estimated value of the list prices of the vehicles is £2,830,918 resulting in an estimated saving of £187,823 (6.22%).
- 5.5 This savings figure has been benchmarked through a provisional comparison of list prices from the Scotland Excel Framework with the prices derived from this tendering exercise.
- 5.6 The savings figure excludes fees for optional extras which are included in the estimated Contract value as detailed in section 5.1. This method was used as the previous vehicles were purchased over five years ago and a like for like price comparison would have provided an inaccurate indication of value for money.

- 5.7 Post-award discussions will be held with the preferred bidder to confirm the options that will be taken with each vehicle type. The value of options such as stop start technology and reverse sensors will be analysed and a decision on whether these will be taken will be made. A finalised Contract value will be obtained once these discussions have taken place.
- 5.8 Incorporating the spot hire fleet in to the Council fleet will save the Council £179,950 per annum.
- 5.9 The costs exceeding the list prices in this contract will ensure that the quality of the vehicles adheres to Council requirements and will maximise the potential to deliver whole life cost savings.
- 5.10 A single supplier was required to provide all of the vehicles procured via this tendering exercise to drive value for money and rationalise maintenance of parts requirements, training and equipment.
- 5.11 The whole life costs resulting from this procurement will deliver considerable benefits and savings to the Council. The vehicles procured will be of higher quality resulting in reduced maintenance costs and emissions. There will also be a significant reduction on the costly practice of using spot hire vehicles (£179,950), however a finalised savings figure is not available until the final list price for each vehicle type has been confirmed and the exact date of the vehicle arrival is known.
- 5.12 The costs associated with procuring this contract are estimated from £20,001 - £35,000.

## **Risk, policy, compliance and governance impact**

---

- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the Contract:

<b>Risk</b>	<b>Mitigating Action</b>
Vehicle Performance	The high performance threshold set in the specification has ensured the suppliers are aware of Council expectations. The preferred bidder has confirmed their ability to meet strict performance criteria.
Quality of Vehicles	There is a risk that vehicles will break down or will be expensive to maintain. This is being mitigated by asking suppliers to price for warranty over the four/five year period as well as ensuring that tenderers must comply with a high quality specification. The preferred bidder has included a four year warranty in the submission.

Contingencies for Vehicle Break Downs	Free of charge replacements will be available to cover periods when vehicles are off the road for longer than 48 hours during the warranty period provided that parts or labour are not available and it is not a Council induced fault.
---------------------------------------	--

- 6.2 A Fleet representative will be responsible for Contract Management and will monitor the performance of the vehicles throughout the duration of the Contract.
- 6.3 In the event of vehicles failing to meet quality requirements specified in the Contract, Fleet will ensure that strict Contract Management has minimal effect in regards to business continuity.
- 6.4 The warranty periods for each vehicle type are as follows:
- Cars – 4 Year Warranty up to 60,000 miles
  - Small Vans – 5 Year Warranty up to 60,000 miles
  - Medium Vans – 5 Year Warranty up to 60,000 miles
  - Large Vans - 5 Year Warranty up to 60,000 miles

## Equalities impact

---

- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

## Sustainability impact

---

- 8.1 These vehicles are required to be compliant with the current regulations and have the latest emission reduction technology reducing the impact of Council fleet on air quality.
- 8.2 To meet the Council's air quality and carbon management commitments, the vehicles are required to be compliant with Euro V standards.

## Consultation and engagement

---

- 9.1 Travel and Fleet have engaged with Commercial and Procurement Services throughout this procurement exercise.
- 9.2 A tendering exercise was undertaken through a mini-competition utilising the Scotland Excel Cars and Light Commercial Vehicles Framework Agreement taking forward the following Framework evaluation criteria:
- 70% - Commercial
  - 30% - Technical

9.3 The criteria used to determine the preferred supplier utilised this ratio, in order to determine the most economically advantageous suppliers by Lot.

## Background reading/external references

---

None required.

### John Bury

Acting Director for Services for Communities

Contact: Stephen Madden, Travel and Fleet Manager

E-mail: [stephen.madden@edinburgh.gov.uk](mailto:stephen.madden@edinburgh.gov.uk) | Tel: 0131 347 1902

## Links

---

<b>Coalition pledges</b>	<b>P44</b> – Prioritise keeping our streets clean and attractive <b>P49</b> – Continue to increase recycling levels across the City and reducing the proportion of waste going to landfill
<b>Council outcomes</b>	<b>CO18</b> – Green – we reduce the local environmental impact of our consumption and production <b>CO25</b> - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	<b>SO4</b> – Edinburgh’s communities are safer and have improved physical and social fabric.
<b>Appendices</b>	<b>Appendix 1</b> – Summary of Tendering and Tender Evaluation Process



## Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Supply and Delivery of Cars and Vans Ref: CT3020
Contract Period	October 2014 – September 2018 (four years)
Estimated Contract Value	£2,987,263
Estimated Savings	£187,823 (6.22% saving)
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 Tenders were evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel with the appropriate technical knowledge and expertise</p> <p>6.1 Standstill period will be observed</p>
EU Procedure Chosen	Mini-Competition utilising Scotland Excel Framework
Invitations to Tender Issued	Fifteen
Tenders Returned	Seven
Tenders Fully Compliant	Six
Recommended Supplier	One
Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the client department.</p> <ul style="list-style-type: none"> <li>• 70% Commercial</li> <li>• 30% Technical</li> </ul>
Evaluation Team	<ul style="list-style-type: none"> <li>• 3 Senior Fleet Staff within the Environment Division</li> </ul>