

For Publication

REPORT TO:	Cabinet 18 November 2019
SUBJECT:	Community Equipment Services (CES) – Fleet Contract Award
LEAD OFFICER:	Jacqueline Harris-Baker, Executive Director – Resources Sarah Warman, Director – Commissioning and Procurement Paul Kouassi - Head of Service – CES
CABINET MEMBER:	Councillor Hall, Cabinet Member for Finances and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON People live long, healthy, happy and independent lives Refreshing the fleet will allow CES to comply with all of the standards of the code of practice for community equipment and provide a more efficient and effective service. A cleaner and more sustainable environment All vehicles being procured will be Euro 6 compliant. The future service provision is looking to provide an entire fleet of hybrid and electric vehicles contributing massively to the Council's Air Quality Action Plan (AQAP) core aim to move towards more environmental sustainable vehicles.	
FINANCIAL IMPACT The financial impact for the Council for the 5 years lease for the CES vehicles from a budget of £174,389, annually. This contract will save the Council £18,389 a year. The vehicles allow the CES to make a profit for the Council, this is currently forecasted to be £461,290 for 2019/20.	
FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision.	

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance and Resources in consultation with the Leader is recommended by the Contracts and Commissioning Board to approve the award in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for the Community Equipment Service Fleet Provision to

the provider named in part B of this report for a contract term of 5 years and a maximum contract value detailed in Part B of this report.

2. EXECUTIVE SUMMARY

- 2.1 The Community Equipment Service (CES) provides a vital service to residents, enabling them to maintain their independence at home. Through commercial partnerships with other local authorities and NHS bodies, CES facilitates over 100,000 deliveries a year of essential health and social care related equipment.
- 2.2 The vehicles that CES currently use are being leased under an arrangement not commercially advantageous for the Council, due the majority of the fleet being spot purchased.
- 2.3 A procurement strategy to lease 28 new vehicles was presented to CCB on 10th May 2019 (CCB1494/19-20) and the Council are now seeking to award the leasing and maintenance contract.
- 2.4 The Council has a statutory duty to deliver the community equipment service to the residents. This contract provides the service with vehicles that are fit for purpose that will enable CES to make efficiencies in their logistics team and provide more value to the service users.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1518/19-20	17/10/2019

3. DETAIL

- 3.1 The objectives of this procurement are to: firstly maintain the service for residents and then to; allow CES to meet the emission targets of the Council and improve local air quality, increase awareness of the service by using branded vehicles, achieve savings by entering a new contract that provides best value for money, reduce the number of breakdowns, and increase the number of vehicles due to growing demand.
- 3.2 The contract award is for a five year lease for all required vehicles, adaptations and maintenance. The contract was procured using the open procedure of the Public Contract Regulations 2015. In accordance with the regulations, an OJEU notice and tender documents was issued to market on 28th August 2019 with a respond date of 27th September 2019 and 5 providers responded.
- 3.3 The scoring mechanism was weighted in line the previous Tender and Contract Regulations due to the date the procurement strategy was approved (60% cost

and 40% quality). The suppliers were ranked by their total score with the highest ranked supplier being the preferred supplier.

- 3.4 The quality evaluation was carried out by the Operations Manager, Service Delivery Manager and Procurement Lead from CES, and Fleet Manager from the Independent Travel Service. All 5 tenders were evaluated. A moderation was held on 3rd October by the Category Manager for Travel and Transport.
- 3.5 There was a total of five tenders submitted and two were excluded due to not meeting minimum quality scores. Supplier D did not meet the minimum requirement on the quality standards and Supplier E did not meet the minimum requirements related to replacement vehicles.
- 3.6 The combined scores of price and quality give the total score for each tenderer (in the table below). The winning provider A received an overall total score of 71%.

	Supplier A - Winner	Supplier B	Supplier C	Supplier D	Supplier E
QUALITY (40%)	27%	23%	24%		
PRICE (60%)	60%	55.6%	58.2%		
TOTAL	87%	78.6%	82.2%	Did not meet the minimum requirement	Did not meet the minimum requirement

- 3.7 Social value submission by the winning provider gained the highest scoring Social Value response from all the suppliers.

4. CONSULTATION

- 4.1 There was no consultation for this decision as it is a fleet replacement and there is no change to the service. .

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 Croydon Community Equipment Services operates as a trading entity, charging for collections and deliveries of equipment as well as a markup of equipment it issues to other local authorities and therefore provides a surplus back to the Council.
- 5.2 Croydon Community Equipment Services has separate financial arrangements within the Council, operating through a separate financial system (SAGE). The Community Equipment Service has its own business plan and budgets have been set for 19/20. This has been signed off by the Community Equipment Service Board (made up of senior officers from the Council).

5.3 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure	29	174	174	174
Income				
Effect of decision from report				
Expenditure	26	156	156	156
Income				
Remaining budget	<u>3</u>	<u>18</u>	<u>18</u>	<u>18</u>

5.4 **The effect of the decision**
Detailed in Part B of the report.

5.5 **Risks**
The main risk is around delivery timescales, as the longer the old vehicles are being used, the continued cost to the Council increase around spot hire prices and maintenance.

5.6 **Options**
See section 12 (below).

5.7 **Future savings / efficiencies**
This project has been put in place to save money as the current fleet is on a spot hire agreement and the new vehicles will decrease costs related to maintenance. Over time costs related to petrol will reduce when vehicles move over from petrol to hybrid.

Approved by Ian Geary, Head of Finance – Resources, on behalf of Lisa Taylor, Director of Finance, Investment & Risk and Section 151 Officer

6. LEGAL CONSIDERATIONS

6.1 The Solicitor to the Council comments that there are no additional legal considerations arising directly from this report.

Approved by Sonia Likhari, Lawyer, on behalf of Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no considerations in relation to staffing levels, restructuring/regrading, recruitment, employee relations, the Council's personnel policies or other human resources matter.

Approved by: Gillian Bevan, Head of HR – Resources, on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An initial EA has been completed. There are no changes to current service, for the service user, so a full EA is not required.

9. ENVIRONMENTAL IMPACT

- 9.1 The future service provision will provide an entire fleet of hybrid and electric vehicles contributing massively to the Council's air quality action plan (AQAP) core aim to move towards more environmental sustainable vehicles. The roll-out will obviously be function of the charging point's geographical coverage across our area of operations (Croydon, Merton, Sutton, and Kingston) together with the technological progress made in the automotive industry.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder impacts related to this procurement.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The recommended solution will offer the greatest value for money over the course of the contract, the new vehicles will reduce the maintenance costs and the cost of fuel over the life. The supplier was able to meet a greater number of the requirements specified in the invitation to tender and was able to provide more detailed answers which gives assurances that the attention to detail from this supplier will deliver the product the Council needs and this is reflected in the pricing for the project.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The CES fleet procurement followed the 'open tender' process. The tender will be advertised through OJEU, the Council's E-portal and linked to this project. The lease of the vehicles, customisation, servicing and maintenance of the vehicles will make up this procurement.
- 12.2 Financial analysis has been completed around the leasing of the 28 vehicles compared to buying vehicles in house. The cost of purchase is £0.8m, with the cost of leasing £0.7m over a 5 year term. This assumes that all vehicles

are replaced by April 2020, with a phased introduction of Hybrid vehicles between April 2020 and April 2024. The phasing will be in line with the provision of electric charging points across Croydon, Merton, Sutton and Kingston, and the testing and availability of new hybrid vehicles on the market. The market has been engaged with and are willing to swap vehicles from petrol to hybrid throughout the contract term.

- 12.3 As well as the saving of £0.1m over 5 years, the leasing option will also offer replacement and emergency vehicles at short notice, which is important to maintain continuity of operations.
- 12.4 Leasing also removes the need to sell the vehicles in the future. It is expected there will be a need to replace the fleet in a further 5 years' time when the hybrid vehicle market will have evolved, and there will be a further need to review and meet the latest low emission standards.
- 12.5 There are insufficient hybrid vehicle options in the market place to be able to purchase all vehicles outright in April 2020. CES has also trialled the use of electric vans on two occasions with different models. It was found on both occasions that the range offered by electric vans does not currently meet the requirements of CES and are therefore not considered as part of this procurement. We are however aware that over the next few years, Citroen, Ford, MAN, Mercedes, Peugeot and Volkswagen are among those bringing out new models.

13. DATA PROTECTION IMPLICATIONS

13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

Personal data will not be processed under this contract. The supplier will not hold or process data for the Council therefore GDPR will not be applicable throughout this contract.

Approved by: Paul Kouassi, Head of Service for CES, on behalf of the Director of Commissioning and Procurement

CONTACT OFFICER: David Thompson, Procurement Lead, CES

BACKGROUND DOCUMENTS: None