

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

6 DECEMBER 2022

**CABINET MEMBER RESPONSIBLE FOR FINANCE: COUNCILLOR  
MALCOLM LONGLEY**

<b>Report Title</b>	<b>Procurement of a WNC Fleet management contract</b>
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## List of Appendices

None.

### **1. Purpose of Report**

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1.1 To seek authority to procure a fleet management contract.

## **2. Executive Summary**

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- 2.1 WNC inherited from its predecessor councils a range of arrangements for provision of fleet vehicles. The Council's vehicles are typically cars, vans, and minibuses with additional ad hoc requirements for vehicles specific to a task. The inherited contracts are expiring and replacement arrangements for service provision are needed. There are separate arrangements for the South Northamptonshire waste fleet, so this is not covered in this report.
- 2.2 Whilst the Council has options including insourcing and use of entities controlled by the Council (either alone or with others), with high purchase costs, depreciating values, and ongoing maintenance costs of vehicles, the logical option is for the Council to outsource this requirement. Whilst many vehicles are 'off the shelf' some, such as minibuses for adult social care, are specialist and require adaptations to meet the service users' needs. This requires investment by the contractor. On this basis it is suggested a pragmatic approach would be to let three-year contracts with an optional one-year extension.
- 2.3 This contract would replace the currently disaggregated approach into one aggregated arrangement for the Council. A three- plus one-year option would enable the Council to secure efficient pricing whilst working towards its net zero 2030 objectives by maximising the opportunities to reduce carbon emissions from vehicles used on Council business.
- 2.4 At the end of the initial term it would be determined, based on technological advancements, if re-procurement or continuation best meet the needs of the Council. This is considered to represent the best mix of scale and scope, and should maximise value for money achieved, whilst also supporting social value.
- 2.5 The contract would, where applicable, include an option to incorporate services currently provided by other contractors or in-house. Decisions on whether to use those options would be taken separately.

## **3. Recommendations**

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- 3.1 It is recommended that approval is given to procure a new fleet management contract.

## **4. Reason for Recommendations**

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- 4.1 To ensure that the Council complies with statutory and regulatory duties.
- 4.2 To ensure that the Council vehicles are safe and fit for use.
- 4.3 To maximising cost-effectiveness.

- 4.4 To provide customers and staff of the Council with vehicles which are fit for purpose and welcoming.

## 5. Report Background

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- 5.1 The Council currently provides fleet management services via predecessor councils' contracts. Some of these contracts have been extended to allow for the procurement of activity to cover all WNC's requirements. The current contracts are with a range of providers including Enterprise, Longmarsh, SFS, Torton Bodies, TCH, NHS England, Alphabet, Northgate, and Days Fleet. There are 45 leased vehicles and 15 owned.
- 5.2 The Council also has a fleet of waste vehicles which operate in South Northamptonshire. Due to their specialist nature these are not addressed in this report. The nature of the vehicles does not permit meaningful aggregation with the wider fleet operation.
- 5.3 These arrangements will expire soon and should not be extended further, or where extensions are essential these should be minimised.
- 5.4 The requirement for the procurement of a fleet management service contracts is shown in the tables below. Table 1 shows the current number of vehicles used by Directorate and service area. Table 2 uses the current spend to demonstrate maximum use of a three-year contract with an optional one-year extension. Inevitably inflation will affect these prices, especially given its current rate.

<b>Table 1: Leased vehicles by type and service area</b>					
<b>Service area</b>	<b>Vehicle Type</b>				<b>Totals</b>
	<b>Cars</b>	<b>Vans</b>	<b>Nine seat accessible</b>	<b>Misc.</b>	
<i>People Directorate</i>					
ACS Management		1			<b>1</b>
Adult Services	5				<b>5</b>
Safeguarding and Wellbeing	3	9	7	1	<b>20</b>
<i>Place, Economy &amp; Environment Directorate</i>					
Assets & Environment		3		1	<b>4</b>
Highways & Waste	1	9			<b>10</b>
Regulatory Services		1			<b>1</b>
Housing and Communities		2			<b>2</b>
<i>Corporate Directorate</i>					
DTI		2			<b>2</b>
<b>Totals</b>	<b>9</b>	<b>27</b>	<b>7</b>	<b>2</b>	<b>45</b>

<b>Table 2: Type and values of vehicle contracts</b>			
<b>Vehicle type</b>	<b>No of vehicles</b>	<b>Estimated annual value, £k</b>	<b>Estimated total value (3 + 1), £k</b>
Cars	9	47	188
Vans	27	120	480
Nine seat accessible	7	71	284
Miscellaneous vehicles	2	11	44
<b>Total</b>	<b>45</b>	<b>249</b>	<b>996</b>

5.5 The predecessor councils delivered their fleet requirements via contracted and owned vehicles. Having reviewed the vehicle requirements, it is practical to continue with this arrangement and aggregate all contracted requirements together in a single contract. The contract would provide the option to replace owned vehicles with contracted vehicles when they reach the end of their life where this would maximise value for money. This would increase the contract value.

5.6 A three year contract with a one year optional extension is proposed. This should achieve the right balance between offering providers sufficient value to make competitive offers worthwhile and retaining flexibility for the Council. In particular, it would allow flexibility to take further steps towards a net zero fleet as the Council's 2030 target approaches and vehicle technology evolves. This contract should make progress towards that goal by substantially reducing the Council's CO<sub>2</sub> emissions through using new vehicles which utilise the latest technologies. These may include greater vehicle battery capabilities, higher efficiency, or new alternative fuel technologies.

## **6. Issues and Choices**

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6.1 The Council has a range of options in the provision of this service. At present there is a need to promptly secure a provision of services and in that context the approach set out above is recommended. Options which could be considered include the following:

6.1.1 Insourcing of the service. Insourcing can make sense in some cases, notably where the Council has sufficient demand to sustain a level of staffing and expertise in the services in question, and when quality of outsourced provision is hard to control. However, the existing contracts for these services have operated well, and insourcing would also create significant new costs associated with vehicle investment.

6.1.2 Disaggregation of the contract into small lots. A disaggregation would increase the time and processes requirement for administration of the contracts and is likely to increase the contract costs too.

- 6.1.3 Single outsourced contract. This is considered most likely to deliver value for money both in terms of the price secured and in terms of resource required to manage the contract.
- 6.2 It is therefore proposed to proceed on the basis of a single outsourced contract. Of course, if a specialist need arose which could not be delivered effectively within that contract a separate procurement would be undertaken.

## **7. Implications (including financial implications)**

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### **Resources and Financial**

- 7.1 Inflationary increases are likely to have an impact on the spending commitment of the contract at the point of award. There is no other foreseen increasing in spending commitments throughout the term of the contract. The services are ones the Council requires, and the approach is intended to secure value for money in receiving them.
- 7.2 Where it is not possible to align all current services e.g., service managed arrangements and owned vehicles, there may be future opportunities for savings through economies of scale by bringing the full West Northamptonshire service requirement into this contract during the term of the contract awarded.
- 7.3 The spending requirements for this contract are dictated by the service needs. The Fleet Management team provides assurance and compliance for the requirement but does not dictate the spend. This is held, and funded by, the services, based on their requirement to fulfil the needs of their service users.

### **Legal**

- 7.4 Maintaining vehicles in a fit state assists the Council in complying with its duties under the Road Traffic Act 1988, the Health and Safety at Work etc. Act 1974, and other relevant legislation.
- 7.5 Due to the value of the contract, the procurement will generally be subject to the Public Contracts Regulations 2015 (or potentially the UK Procurement Act if the bill is passed by Parliament and brought into force in time).
- 7.6 It may be necessary to extend, by variation, some existing contracts to bring them into alignment with the start date which can be achieved for the new contract. If required, waivers of the procurement rules would be sought under the applicable Constitutional provisions to enable this.

## **Risk**

- 7.7 The risks associated with this procurement appear to be low. It is mature market with established operators.
- 7.8 The risk of locking-in high-carbon vehicles will be minimised by the planned contract duration and the inclusion of social value, which includes carbon considerations, in award criteria.

## **Consultation**

- 7.9 No consultation has been undertaken.

## **Consideration by Overview and Scrutiny**

- 7.10 The issue has not been considered by an Overview and Scrutiny Committee.

## **Climate Impact**

- 7.11 Road vehicles are still typically fuelled by petrol or diesel, although increasing numbers are electric vehicles (EVs) or hybrid vehicles. Where practical EV or hybrid vehicles would be chosen under the contract.
- 7.12 As noted above, the risk of locking-in high-carbon vehicles will be minimised by the planned contract duration and the inclusion of social value, which includes carbon considerations, in award criteria.
- 7.13 Within and outside of this contract, the Fleet service would continue to work with services to find the best solutions for their mobility needs. In addition to cars and vans, this may include electric cycles, drones, or other technologies as these become available.

## **Community Impact**

- 7.14 There is limited likely direct community impact. Social value considerations will be included in assessment of proposals.

## **Communications**

- 7.15 No specific communications issues are expected.

## **8. Background Papers**

- 8.1 None.