

	<h2>Environment Committee</h2> <h3>11/05/2017</h3>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Extension of the contract with Fleet Factors Limited for the provision of Parts, Good &amp; Supplies for the Transport Services Workshop until 31 December 2018.</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Director of Street Scene</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>No</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>None</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Shaun Morley, Director for Street Scene, 0208 359 5109</p>

<h2>Summary</h2>
<p>Transport Services entered in an OJEU Open procedure in July 2015 to supply the council with parts for its vehicle fleet. This procurement did not proceed to award of contract due to budget constraints. To ensure continuity of service requirement delivery. Transport Services through the YPO framework 576, conducted a mini competition which identified Fleet Factor Ltd for award of contract following evaluation by the YPO. The Interim Director of Street Scene approved the DPR awarding the call off contract to Fleet Factor Limited on 23 February 2016, this included an extension option, subject to the performance and budget allocation. This report seeks approval to extend the current call off contract until 31 December 2018.</p>

<h2>Recommendation</h2>
<p><b>That the Committee approve the extension of the contract with Fleet Factors Limited through the YPO framework 576, for the provision of Parts, Goods &amp; Supplies for the Transport Services Workshop until 31 December 2018, with annual projected spend of up to £750k per annum.</b></p>

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Council issued an OJEU Open procedure in July 2015 to supply the council with parts for its vehicle fleet. This procurement did not proceed to award of contract with only two submissions which did not reflect best value for the authority and were priced considerably higher than those paid at the time, resulting in budget pressure.
- 1.2 As a result of the unsatisfactory outcome of the tendering exercise, the Transport Services explored other alternatives to procure the parts for the Workshop. The Yorkshire Purchasing Organisation (YPO) framework contract 576 was considered to be a suitable alternative as it is an OJEU compliant framework.
- 1.3 The Council signed an access agreement allowing Council to use the framework and to conduct a mini-competition; reference 000973 for Managed Services – Fleet Stores. The submission was evaluated by the YPO with Fleet Factors being awarded the contract as they comfortably passed the quality threshold and also proved to be the most cost effective compared to the previous procurement exercise.
- 1.4 The contract to supply the parts and goods to the Council's transport workshop was awarded to the Fleet Factors Ltd, as part of the YPO Framework for a period of one Year with extension option subject to performance and budget allocation.
- 1.5 The Street Scene Services are currently going through a review and considering an Alternative Delivery Model (ADM). This requires the Transport Service to retain the flexibility to respond to the future requirement as part of ADM.
- 1.6 The projected spend under this contract has been identified and approved in the procurement forward plan. The Council has the ability to extend the current contract under the YPO framework 576, Lot 1, which is due to expire on 4 January 2019.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The decision to extend the call off contract through the YPO framework ensures Transport Services have compliant procurement arrangement in place whilst retaining the flexibility by not committing to a long term contract until the decision and implementation of the Street Scene Alternative Delivery Model.
- 2.2 An alternative to this recommendation would have been, for Transport Service to carry out OJEU procurement exercise. This would incur additional cost and could take up to 6 months to complete the process and would still require an interim arrangement to be in place to ensure the business continuity.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Transport Services initially sought to procure via an OJEU open procedure in July 2015 but the decision was taken not to proceed with contract award at this stage as this did not represent best value for the Council.
- 3.2 The review of alternative delivery methods does not support the conduct of a further OJEU exercise at this time and is not recommended.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 The Fleet Factors Ltd and the YPO will be informed of the Council's decision to extend the contract for the period up to 31 December 2018.
- 4.2 Transport Service will implement the changes in the current IT system to automate the parts issue through the parts catalogue system.
- 4.3 The future requirement will be reviewed and the Annual Procurement Forward Plan 2018-19 updated to support procurement authorisation to proceed with new contract.

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

- 5.1.1 This decision supports the council's fourth corporate priority, namely "Where services are delivered efficiently to get value for money for the taxpayer"
- 5.1.2 The contract supports the function of the Transport Services that enables the delivery of the various front line services in Barnet.

##### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 YPO have confirmed the Council's ability to extend the current contract under the YPO framework 576, Lot 1, as this framework is due to expire on 4 January 2019.
- 5.2.2 The contract has allowed the Transport Services to access alternative parts offered by various manufacturers in the industry improve supply chain due to local dealer network and benefited from the close proximity of their warehouse.
- 5.2.3 This opportunity has allowed Transport Services to improve its current Fleet Management System and processes, by implementing an automated parts ordering and recording system with Fleet Factors.
- 5.2.4 The Transport Service are projecting spend of up to £750k per annum, subject to the outcome of Street Scene Alternative Delivery Model. This spend has

already been approved in the Street Scene forward plan. The cost of parts, goods and supplies are recharged to the Service Users, by Transport Service.

### **5.3 Social Value**

YPO undertook the procurement of the framework being accessed for this requirement. Procurement are satisfied that this was undertaken in accordance with regulations including the delivery of social value.

### **5.4 Legal and Constitutional References**

5.4.1 The exercise has been conducted in accordance with the requirements of Contract Procedure Rules Appendix 1 Table A with authorisation to proceed in the Procurement Forward Plan and acceptance of outcome in this Full Officer DPR.

Regulation 72 of the Public Contracts Regulations 2015 permits an amendment, extension or renewal of an existing Contract without triggering a new Procurement exercise in the following cases:

### **5.5 Risk Management**

5.5.1 Failure to extend the current contract without alternative arrangements in place could result in a significant risk to continuity of Street Scene services and non-compliance with the Council's Procurement Rules.

5.5.2 As highlighted in 4.3 future requirements will be reviewed and the Annual Procurement Forward Plan 2018-19 will be updated accordingly to enable authorisation to procure a new contract.

### **5.6 Equalities and Diversity**

5.6.1 There are no equalities implications of this decision.

### **5.7 Consultation and Engagement**

5.7.1 There is no public consultation associated with this decision.

### **5.8 Insight**

5.8.1 Insight data is held by YPO framework 576 contract manager. YPO conducted the mini competition on behalf of the Authority to confirm award of contract to Fleet Factors Ltd for the supply of parts and goods to the Council's transport workshop.

## **6. BACKGROUND PAPERS**

- 6.1 The Interim Director for Street Scene previously approved the DPR to award the contract under the YPO framework 576, to Fleet Factors Ltd also allowing the extension of the contract subject to performance and budget allocation.
  
- 6.2 This procurement is included on the council's forward plan, <https://barnet.moderngov.co.uk/ieDecisionDetails.aspx?Allid=7373>.

