

NOTIFICATION OF OPERATIONAL DECISION TAKEN –FOR PUBLICATION

Decision taken by: Interim Executive Director – Regeneration & Environment

Summary of Decision Taken including reasons

Procurement in Fleet Services: Self-Drive Hire of Motor Vehicles under 3.5t and Passenger Transport Minibuses

That the Executive Director – Regeneration & Environment:

- 2.1 Authorises the direct award of a contract to Enterprise in accordance with ESPO Framework 271 for the hire of vehicles under 3.5t and Passenger Transport Minibuses using the framework schedule of rates. The Contract period is for 3 years with an option to extend for a further year.

PLEASE SPECIFY CATEGORY OF DECISION: Key

If Key, please quote the Forward Plan reference number: **KD Num: 4562**

Any alternative options considered and rejected:

Please refer to paragraph 4 of the main report.

Was the decision made in Part 1 or Part 2? If Part 2 please give the relevant paragraph of the Access to Information Act.

PART 1

Interests Declared in Respect of the Decision (and by who):

N/A

NOTE: This form must be signed and dated by the decision taker(s) – see below:
The date specified will be taken as the date that the decision was made.

Signed



Executive Director - Regeneration & Environment

Date

22, 08, 2017

GARY BARNES

PLEASE PRINT NAME

MUNICIPAL YEAR 2017/2018 REPORT NO.

**ACTION TO BE TAKEN UNDER
DELEGATED AUTHORITY**

OPERATIONAL DECISION OF:
Executive Director –
Regeneration and
Environment

Agenda – Part: 1	KD Num: 4562
Subject: Procurement in Fleet Services: Self-Drive Hire of Motor Vehicles under 3.5t and Passenger Transport Minibuses	
Wards:	All

Contact officer and telephone number:

Julian Minta – Ext 5090, 07790 585086

E mail: julian.minta@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. An examination of the fleet expenditure on self-drive hire vehicles and rates being charged under the ESPO Framework 271 for self-drive hire vehicles has found that considerable savings can be achieved by moving and consolidating rental vehicle suppliers from the three current suppliers to one nominated supplier.
- 1.2. Under ESPO Framework 271, Enterprise Rent-a-Car ('Enterprise') offers best value to the Council, for all vehicles that the council operate.

2. RECOMMENDATIONS

- 2.1. That the council authorises the direct award of a contract to Enterprise in accordance with ESPO Framework 271 for the hire of vehicles under 3.5t and Passenger Transport Minibuses using the framework schedule of rates. The Contract period is for 3 years with an option to extend for a further year.

3. BACKGROUND

- 3.1 The fleet services team provide vehicles on spot hire for short, medium and long term hire to service users as required. Historically the council has entered numerous long term contracts to suit the service needs. This has resulted in the Council using three or four separate providers as no one supplier has been able to supply all models required and has led to substantial increased cost to the council
- 3.2 The review of current arrangements has identified that a direct call off under ESPO Framework 271 will deliver substantial savings by moving to one dedicated supplier, from the existing three or four suppliers, who can satisfy all the self-drive hire requirements.
- 3.3 It is anticipated that the change in supplier will deliver annual cost savings of 12%-15% on current spend, whilst also delivering the flexible arrangements to suit the various service needs.
- 3.4 Additionally, Enterprise can supply wheel chair accessible minibuses as required by Passenger Transport. The current contract with Starbus is due to expire in September 2017. The new contract will ensure we can meet the service needs, and ensure compliance with procurement rules. The existing additional rental vehicle contracts with the current suppliers SHB and Northgate have already expired, and we are in extension periods. This gives us the ability to terminate these contracts with immediate effect and the Council will incur no additional costs from early termination clauses.
- 3.5 Additional savings can also be achieved in management time by only having to deal with one organisation regarding administrative matters.
- 3.6 A full investigation into all options has been taken and going forward this proposal provides the best value whilst delivering full compliance with procurement rules.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Moving to an owned fleet has been investigated, and in future this maybe a preferred option for Fleet to deliver the maximum cost savings. However, this financial year resources and funds need to be diverted to higher priority Fleet procurement projects that will deliver greater savings.
- 4.2. We have considered running a competitive tender process for these requirements. However, the chosen framework satisfies all the council and fleet requirements and delivers excellent value for money that would only be matched by running our own tender process. It was felt that this would be duplicating of effort and unnecessary use of resources.

- 4.3. Continue with the current position of hiring vehicles with the existing suppliers. However, this is cost prohibitive and is not value for money.

5. REASONS FOR RECOMMENDATIONS

- 5.1. Implementation of a fully compliant cost effective solution and contract for the council's self-drive requirements.
- 5.2. We have secured preferential fixed rates on-going for the wheelchair accessible minibuses. This means we will continue to deliver cost efficiencies in the operation of services for the transport of children, the vulnerable, and physically and mentally disabled residents of the borough. We will also be providing brand new modern buses with the latest safety features whilst maintain high levels of passenger comfort.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

6.1. Financial Implications

- 6.1.1. This report seeks the authorisation to call-off from ESPO Framework 271 for the hire of vehicles under 3.5t and Passenger Transport Minibuses using the framework schedule of rates. The Contract period is for 3 years with an option to extend for a further Year.
- 6.1.2. An examination of the fleet expenditure on self-drive hire vehicles and investigation into rates being charged under ESPO Framework 271 will deliver substantial savings by moving to one dedicated supplier, from the existing three or four suppliers, who can satisfy all the self-drive hire requirements.
- 6.1.3. The estimated savings by moving from current vehicle rental suppliers to Enterprise under (ESPO Framework 271) is shown in the table below:

Description of vehicles	Current Supplier (per vehicle p/a)	Enterprise Hire Rate (per vehicle p/a)	Rate Saving	Qty	Estimated Saving p/a	Estimated Saving p/a
Car derived van	£3,234	£2,555	£679	2	£1,358	£1,358
Small Van	£3,234	£2,555	£679	15	£10,184	£10,184
2.9t SWB van	£3,760	£3,599	£161	8	£1,285	£1,285
Van (L2, H2)	£5,439	£5,161	£277	2	£555	£555
Luton Box van with tailift	£7,391	£6,727	£664	2	£1,329	£1,329
17 seat minibus	£9,673	£7,231	£2,442	1	£2,442	£2,442
8 seat minibus	£9,673	£7,231	£2,442	2	£4,884	£4,884
Group B Estate car	£5,493	£5,201	£292	1	£292	£292
7.5t tipper cage	£12,775	£11,994	£781	3	£2,343	£2,313
3.5t crew cab tipper cage	£6,600	£5,552	£1,048	8	£8,387	£8,387
3.5t single cab tipper cage	£6,600	£5,552	£1,048	1	£1,048	£1,048
Total	£73,870	£63,357	£10,514	45	£34,106	£34,076
17 seat wheelchair accessible minibus	£17,695	£9,880	£7,815	19	£148,489	£148,488
NOTE:						
1) This is subject to the planned transfer of the Adults People Transport buses to Independence and Wellbeing Service						
2) And should there be no alternative contract agreed to replace the current contract when it comes to an end.						
Grand Total	£91,566	£73,237	£18,329	64	£182,594	£182,564

NB:

This is based on current number of rental vehicles required. This number will reduce as the fleet moves to fully owned et.

- 6.1.4. Moving to an owned fleet has been investigated, and in future this maybe a preferred option for Fleet to deliver the maximum cost savings. This rental arrangement will continue until the move towards outright purchase is complete, which will be addressed through a separate report.
- 6.1.5. The actual savings from the rentals on the above table will be monitored as part of the monthly budget monitoring returns and reported accordingly.

6.2. Legal Implications

- 6.2.1. Under the Transport Act 1985 section 63, the Council has the power to secure the provision of such public passenger transport services as it considers appropriate to meet any public transport requirements which would not otherwise be met. In exercising its power to promote the availability of public passenger transport services, the Council must have regard to a combination of economy, efficiency and effectiveness, and must have regards to the needs of elderly and disabled people.

- 6.2.2. In addition, under the general power of competence contained in section 1(1) of the Localism Act 2011, the Council has the power to do anything individuals may do, provided this is not prohibited by legislation and is subject to Public Law principles. The Council further has power under section 111 Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The recommendations in this Report are in accordance with these powers.
- 6.2.3. The contents of this report constitute a Key Decision and this item has been included in the Key Decision List with reference: KD4562. Once approved, the decision to proceed will be subject to the usual five-day call-in period.
- 6.2.4. The Council must comply with all requirements of its constitution and Contract Procedure Rules. The Council proposes to directly award the contract to Enterprise in accordance with the ESPO 271 Framework rules. The Framework permits direct award and the Council must ensure it complies with the "direct award rules" of the Framework when entering into the call-off contract.
- 6.2.5 Throughout the engagement of Enterprise as a service provider, the Council must comply with its obligations of obtaining best value, under the Local Government (Best Value Principles) Act 1999. The Council must keep a clear audit trail of its decision to award these services to Enterprise in order to demonstrate that best value has been and will continue to be obtained for the Council.
- 6.2.6 All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Assistant Director of Legal and Governance Services.

6.3. Property Implications

There are no property implications associated with this report as the recommendation merely changes hire arrangements from one supplier to another.

6.4. Procurement Implications

The proposed procurement of the Framework Agreement must be in accordance with the Councils Contract Procedure Rules (CPRs) and the Public Contract Regulations 2015.

7. KEY RISKS

- 7.1. The new supplier is unable to meet demand and fulfil requirements. This has been mitigated by choosing the largest supplier in the UK.

- 7.2. Further, as a contingency and to ensure continuity of service should the nominated supplier be unable to service our needs and requirements, especially with the need for specialist vehicles such as wheelchair accessible vehicles, trading relationships will be maintained with existing suppliers to ensure continuation of service should the need arise.

8. IMPACT ON COUNCIL PRIORITIES

8.1. Fairness for All

By providing self-drive hire vehicles services will be able operate effectively for those people who live, work or travel in the Borough of Enfield. The provision of using modern reliable vehicles will enhance the delivery of service, and give the Council access to the largest fleet and range of vehicles in the country that will enable us to be cover all contingencies and eventualities at short notice.

8.2. Growth and Sustainability

8.2.1. Providing LBE services with self-drive hire vehicles in the most cost effective manner the Council will be able to operate and demonstrate best value for money for residents in the London Borough of Enfield.

8.2.2. All vehicles supplied will meet all current and known future emission regulations giving us a fleet of the cleanest vehicles available regarding exhaust gasses. This will also ensure our carbon footprint is kept as low as possible from vehicle operation. The new supplier also adopts a policy of continual replacement of vehicles allowing permanent access to the most fuel efficient vehicles available whilst also ensuring we can comply with all current and future road traffic regulations designed to protect other users, namely pedestrians and cyclists.

8.3. Strong Communities

Providing LBE services with self-drive hire vehicles in the most cost effective manner will the Council will be able to deliver more services to benefit the local community. The ability to off hire/on hire vehicles enables us to be flexible and adapt vehicles to suit service requirements should the need to change arise. If a service needs to adapt to meet a service requirement this can be done within 24 hours rather than the need to dispose and purchase a vehicle to suit needs as would be the case with an owned fleet.

9. EQUALITY IMPACT IMPLICATIONS

9.1. Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.

9.2. However, it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The contracts will enable the council to ensure that the performance of a single external supplier is properly managed and will be able to deal with any performance issues using the formal framework contract conditions.

11. HEALTH AND SAFETY IMPLICATIONS

The vehicles meet all current H&S and EU regulations. All drivers will have induction training as part of the contract and all workshop technicians will have training on the maintenance of the vehicle and steam pressure equipment.

12. PUBLIC HEALTH IMPLICATIONS

Providing LBE services with self-drive hire vehicles in the most cost effective manner will allow the Council to deliver services that improve the public health environment.

Background Papers

None

