

CABINET MEETING – 16th January 2013
EXECUTIVE SUMMARY SHEET - PART 1

Title of Report:

Procurement of an Stores Service Contract

Author(s):

Deputy Chief Executive

Purpose of Report:

To approve the procurement of stores service contract for the Integrated Transport Unit vehicle maintenance and horticultural equipment workshops.

Description of Decision:

Cabinet is recommended to approve the procurement and award of a new Stores Service Contract to deliver efficiencies and reduced service costs.

Is the decision consistent with the Budget/Policy Framework *Yes/~~No~~

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

To improve the efficiency of the workshop maintenance functions and result in savings of up to £200,000 per annum.

Alternative options to be considered and recommended to be rejected:

Maintaining the existing approach would restrict the ability to make significant savings in an area of high spend and constrain options for rationalising Council depot accommodation.

Impacts analysed:

Equality Privacy Sustainability Crime and Disorder

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 Day Notice of Decisions? Yes

Scrutiny Committee:

REPORT OF DEPUTY CHIEF EXECUTIVE

PROCUREMENT OF A STORES SERVICE CONTRACT

1 PURPOSE OF THE REPORT

- 1.1 To approve the procurement of stores service contract for the Integrated Transport Unit's vehicle maintenance and horticultural equipment workshops.

2. DESCRIPTION OF DECISION

- 2.1 Cabinet is recommended to approve the procurement and award of a new Stores Service Contract to deliver efficiencies and reduced service costs.

3. BACKGROUND

- 3.1 The Head of Streetscene is leading the Fleet and Transport Service Review which has a target of reducing costs in this field by £2.5m over three years, making a significant contribution to the corporate budget position. The review covers a range of fleet and transport activities and is making good progress.
- 3.2 The majority of the Council's general fleet, such as cars and vans, is leased and maintained through third party contracts. However the Council maintains specialist vehicles such as refuse collection wagons, street sweepers and gritters in-house. This is to ensure a rapid response to operational maintenance requirements in services where continuity of delivery is important. The Council spends approximately £1.2m per annum on specialist parts and equipment. These are held in stores at the two repair and maintenance facilities at South Hylton House and Parsons depots.
- 3.3 A review of the stores function points towards an alternative way of delivering the service. This would involve a specialist service provider supplying all parts needed by the workshops for each job as they are required at set tendered prices. This avoids the Council having to buy stock and keeping it in store. It avoids wastage of parts and reduces the financial and human resources needed to manage this process.
- 3.4 The proposed contract would see the Council to sell its existing stock to the new contractor. The contractor would deliver, in time, all required specialist vehicle parts and equipment.

- 3.5 The proposals are expected to improve the efficiency of the workshop maintenance function and result in savings of up to £200,000 per annum.
- 3.6 This arrangement would allow greater flexibility in the ongoing plans to review and rationalise the use of depots and other Council premises. It would largely remove the need to have space for parts storage, particularly at South Hylton House.

4. PROCEDURE

- 4.1 The annual value of the proposed contract is estimated to be £900,000 and therefore must be awarded in accordance with the European public procurement rules and be subject to an Official Journal of the European Union (OJEU) process. It is intended that the contract would be for three 3 years with the option of up to two one year extensions.
- 4.2 The Corporate Procurement Team will manage the process which is expected to take place in February 2013. A competitive tender process will be followed to ensure that that best value is achieved. The new contract will commence in spring/summer 2013.
- 4.3 The sale/transfer of the Council's existing residual stock will be included in the proposed contract and the offers received for this stock will be included as part of the evaluation.
- 4.4 The contract awarded would have the flexibility built in to allow the Council to relocate the impressed stores service should circumstances require the relocation of all or part of the workshops.
- 4.5 The proposed new contract arrangement will impact on four full time posts. Three are currently vacant and being filled temporarily through SWITCH. However the one permanent member of staff would be subject to transfer to the new supplier under TUPE, although alternative options for the individual will be explored in advance of the award of the contract.

5. REASON FOR DECISION

- 5.1 To improve the efficiency of the workshop maintenance functions and result in savings of up to £200,000 per annum.

6 ALTERNATIVE OPTIONS

- 6.1 Maintaining the existing approach would restrict the ability to make significant savings in an area of high spend and constrain options for rationalising Council depot accommodation.

7. RELEVANT CONSIDERATIONS/CONSULTATIONS

7.1 The views of the Executive Director of Commercial and Corporate Services and Director of Human Resources and Organisational Development have been sought and the Portfolio Holder City Services consulted.

a) **Financial considerations**

Provision for the procurement is made within the 2013/14 Integrated Transport Unit budget. The resulting efficiencies will contribute to the MTFS through the Fleet and Transport Service Review.

b) **Legal Implications**

The comments of the Head of Law and Governance have been included within this report.

c) **Procurement**

The Head of Audit Risk and Procurement has been consulted in respect of the procurement procedure, and will provide assistance to develop the detailed contract specification and manage the process if approved.

c) **Human Resources**

One member of staff may be transfer under TUPE. This will be considered further in conjunction with the procurement process.

d) **Human Rights**

There are no implications

e) **Sustainability**

There are no implications

f) **Equalities Impact**

An Impact Assessment has been carried out. There are no implications

8. BACKGROUND PAPERS

8.1 There are no background papers to support the report.

