

Item 11

17th March 2022



Glasgow City Council

Contracts and Property Committee

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

The Supply & Delivery of Vehicle Spare Parts Tender Reference: - GCC005348CPU

Purpose of Report:

To submit details of the tenders received for the supply and delivery of vehicle spare parts and recommend acceptance of the most economically advantageous tender as detailed in this report.

Recommendations:

The Contracts and Property Committee is requested to approve the award of a contract for the supply and delivery of vehicle spare parts to the supplier listed below.

Fleet Factors Ltd
(Companies House Number 1231325)

Ward No(s): xxxxxxxx

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1 Background and Tender

- 1.1 Glasgow City Council's ("the Council's") projected spend for the supply and delivery of vehicle spare parts is £800,000 per annum.
- 1.2 The Council, via Neighbourhoods Regeneration and Sustainability Services (NRS), is responsible for the maintenance and repairs for approximately 1400 vehicles. These services are undertaken in-house by resources at NRS's vehicle workshop, located at Jessie Street, and outsourced when there is limited capacity and or experience. This contract is to support the in-house maintenance and repair of light vehicles and covers spare parts for multiple manufacturers as follow; DAF; Fiat; Ford; Iveco; Kia; Landrover; Nissan; Seat, Vauxhall and Volkswagen.
- 1.3 In line with the efficiency and effectiveness aim of the Council's Corporate Procurement and Commercial Improvement Strategy 2018-2022 , (<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=42092&p=0>), which promotes consideration of National and Collaborative Frameworks, it was agreed that a mini-competition under Lot One - Parts for Light & Heavy Vehicles of Scotland Excel's (SXL) Framework agreement, reference 07/20, for Vehicle Parts would be the most appropriate method to deliver this contract.
- 1.4 As part of the sourcing strategy development, it was agreed that it would be cost effective for the contract to be awarded to a single supplier and to include matching quality spare parts. This approach would avoid the Council carrying excess stock, reduce storage requirements and reduce invoice transactions. This would also support sustainability requirements by reducing the volume of deliveries and emissions.
- 1.5 The contract is for 2 years with an option to extend for two periods of up to 12 months. The contract will commence on the 4th April 2022 and end on the 3rd April 2026 subject to two extensions being exercised.
- 1.6 The purchase to pay route is initially via NRS's servitor system until this is replaced by the new Tranman system.

2 Evaluation

- 2.1 14 suppliers appointed to Lot One of the SXL Framework were invited to the mini competition. Of the 14, 3 suppliers submitted a tender bid. 1 bidder failed to meet the quality evaluation criteria threshold of 60% resulting in the bid not being considered further (please refer to Appendix A). The remaining 2 bidders were taken forward to the award evaluation stage.
- 2.2 The award evaluation was based on the following criteria and weightings: -

Price	Quality	Quality Sub Criteria
75%	25%	Service Delivery 13%

		Management Information 4%
		Sustainability - 3%
		Fair Work Practices (including the Glasgow Living Wage) - 5%

2.3 Bidders were asked to submit costs for the undernoted elements which formed part of the commercial evaluation:

- Spare Parts– Commercial weighting 50%
- Discount applicable from Price lists - Commercial weighting 25%

2.4 In relation to the spare parts element above, bidders were asked to price a basket of parts containing 208 spare parts which equated to 30% of the annual contract value and represented commonly used high volume spare parts for each of the manufacturers. Bidders were provided with vehicle registration numbers allowing all bidders to price for spare part relevant to the specific vehicle model.

2.5 The estimated quantities against the spare parts were based on both historic and future demands by the Council to allow bidders the opportunity to source adequate supply chains and obtain competitive pricing based on projected volumes.

2.6 In addition, bidders had the option to submit prices for either the Original Equipment Manufacturer (OEM) or matching quality (MQ) spare parts. This is due to a large proportion of the vehicles no longer being under warranty and MQ spare parts being compatible with various manufacturers and are readily available and more competitive.

2.7 In relation to the discount from price lists element, as referenced in 2.3 above, bidders were required to provide discounts for various categories of spare parts for each of the ten manufacturers. These discounts will be firm for the four-year period. The supplier will be required to quote the discounts offered on invoices which must be aligned with the discount offered within their tender submission.

2.8 As part of the evaluation, bidders were required to sign a “Letter of Compliance” agreeing to the conditions; that the spare parts provided shall not have any impact on the warranty (if applicable); impact on the performance of vehicle; vehicle safety and/or make the vehicle inoperable. Should the spare parts supplied result in the above, the supplier will be required to rectify the issues at no cost to the Council. Only bidders which agreed to this condition, progressed to the remaining evaluation.

2.9 The scoring of the supplier which has been recommended for award is included within the table below: -

Supplier	Total Evaluation Score	Rank
----------	------------------------	------

Fleet Factors Ltd (Companies House No. 1231325)	97.40%	1
----------------------------------------------------	--------	---

A summary of the unsuccessful tender evaluation results can be found at Appendix A.

- 2.10 NRS will monitor the suppliers' day to day operational performance. The CPU will undertake the overall contract management and capture the savings via spend actualisation reports. The CPU will also monitor community benefits throughout the life of the contract.

3 Policy and Resource Implications

Resource Implications:

Financial:

The estimated annual value is £800,000, totaling £3,200,000 over the four years period of the contract, will be funded by the service areas revenue budgets.

From the basket of spare parts, as referred to in 2.3 above, the Council has achieved a saving of £133,873 which is 55.3%. This is based on the new rates offered by the recommended supplier compared with the current rates. The supplier has advised that they have secured alternative supply chain based on historic volumes which has resulted in a significant saving.

Spend and quality of spare parts will continue to be closely monitored, with any further savings being captured via the commercial tracking process.

Legal:

The report raises no new legal issues.

The Director of Legal and Administration will be responsible for concluding the contract.

Personnel:

No direct personnel implications.

Procurement:

See section 1.3.

Council Strategic Plan:

The award of this contract will support a number of key priorities in the Council's Strategic Plan (2017- 2022) under the following themes:

A Thriving Economy, priorities 4 and 5.

No.4 - Maximising jobs through Community Benefits.

No.5 - Ensure fair employment practices.

A Sustainable and Low Carbon City

No.61 - A sustainable and low carbon city - reducing carbon emissions and helping Glasgow reach their net zero target.

The priorities were supported within the contract specification and by applying the undernoted evaluation criteria weighting /condition:

Fair working Practices – 5%

The supplier recommended for award will pay the Real Living Wage and does not operate zero hours contracts.

Community Benefit – Contractual community benefits were included in this contract with a minimum of 150 community benefits points being provided every contract year. The community benefits outcomes are as follows:

2 x New Employee - Full Time Job (from Priority Group)

1 x Apprentice New Start - Full Time (from Priority Group)

6 x Work Experience Placement – School

6 x Work Experience Placement - Non School

2 x Community Engagement - Financial Support (minimum £1k)

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25

The procurement supports the best practice in the procurement of goods.

What are the potential equality impacts as a result of this report? There are no significant impacts identified at this point. As noted above we are encouraging our supplier to adhere to Fair Work practices.

Please highlight if the policy/proposal will help address socio economic disadvantage. Community Benefits were accounted for in the procurement exercise and the outcomes can be seen above.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: The recommended supplier operates a vehicle replacement policy that replaces the majority of delivery vehicles every three years and utilises low emission vehicles for deliveries.

Furthermore, the supplier will be expected to work closely with the Council in improving the environment by reducing vehicle/noise emissions which can be achieved by streamlining multiply deliveries.

Re-use, reconditioning or re-manufacturing of spare parts (where applicable and in line with Health and Safety requirements) which will reduce manufacturing of new spare parts and were feasible use recycle spare parts.

What are the potential climate impacts as a result of this proposal? This will reduce the supplier's CO2 emissions as the Council's fleet is replaced.

Will the proposal contribute to Glasgow's net zero carbon target? Yes, see above explanation

Privacy and Data Protection impacts: No data protection impacts identified.

4 Recommendations

The Contracts and Property Committee is requested to approve the award of a contract for the supply and delivery of vehicle spare parts to the supplier listed below.

Fleet Factors Ltd
(Companies House Number 1231325)

Appendix A

Supplier	Quality Evaluation Score
A M Phillip Trucktech Ltd (Companies House Number 287764)	N/A
Alliance Automotive Group (Companies House No.998035)	44.18%