

## Item 12

17th March 2022



**Glasgow City Council**

**Contracts and Property Committee**

**Report by Director of Legal and Administration**

**Contact: Maureen Fitzpatrick Ext: 76406**

### **The Provision of Preventative Planned Maintenance and Repairs for Heavy Vehicles over 7.5Tonnes Tender Reference: - GCC005046CPU**

#### **Purpose of Report:**

To submit details of the tenders received for the provision of preventative planned maintenance and repairs for heavy vehicles over 7.5 tonnes 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 provision of preventative planned maintenance and repairs for heavy vehicles over 7.5 tonnes to the supplier listed below.

Riverside Truck Rental Ltd  
(Companies House Number 3190863)

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 budget for the provision of preventative planned maintenance and repairs for heavy vehicles over 7.5 tonnes is on average £3,007,834 per annum.
- 1.2 The fleet is a vital component in delivering frontline services to the residents of Glasgow, and for many is the most immediate visual representation of the Council's services.
- 1.3 The Council, via Neighbourhoods Regeneration and Sustainability Services (NRS), is responsible for the maintenance and repairs for approximately 1400 vehicles. The majority of the Council's fleet is maintained at the Council's operational depot at 91 Jessie Street, Glasgow.
- 1.4 It is a legal requirement, under 'Operator' License regulations, for the Council to have an appointed provider for the maintenance of all vehicles in its fleet which have a gross vehicle weight of 3.5 tonnes and above. This contract will support the Council to fulfil its "Operator" licence requirements for vehicles above 7.5 tonnes and above.
- 1.5 A commodity team consisting of stakeholders from NRS, and the Corporate Procurement Unit (CPU) was formed to develop the sourcing strategy and deliver a new contract.
- 1.6 The services under this contract will include the following:
  - 1.6.1 Preventive planned maintenance, where the supplier will provide everything necessary to keep all vehicles and associated ancillary equipment maintained.
  - 1.6.2 Unscheduled repair services, that will include but not limited to body repairs, vehicle spraying, accidental damages and refurbishment work of which the council reserves the right to utilise this agreement or other agreements available to the council.
- 1.7 It was agreed that the most appropriate procurement route to deliver this contract would be an invitation to tender under Category 3 (Purchase, repair, maintenance & parts of heavy vehicles) of the Council's Dynamic Purchasing System (DPS) for the Purchase, Maintenance and Repair of Heavy Vehicles and Plant, reference GCC003831CPU. The council issued a Prior Information Notifications to alert newcomers to the industry of this tender opportunity. Furthermore, in-depth market research was undertaken which assisted in the development of the tender.
- 1.8 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 1<sup>st</sup> April 2022 and end on the 3<sup>rd</sup> April 2026 subject to two extensions being exercised.

1.9 The Purchase to pay route will be via monthly invoice plans for planned maintenance and for unscheduled repairs this will be via NRS's servitor system until this is replaced by the new Tranman system.

## 2 Evaluation

2.1 All of the 24 suppliers from Category 3 of the DPS were invited to bid. Of the 24, 12 accessed the tender prior to the closing date. Of the 12, 1 supplier submitted a bid, 2 declined to bid as they could not maintain all the manufacturer's vehicles required. 3 could not meet the full specification with 6 not providing a reason.

2.2 The award evaluation was based on the following criteria and weightings: -

Price	Quality	Quality Sub Criteria
60%	40%	Service Delivery Methodology - 30%
		Sustainability - 5%
		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:

- Preventative Planned Maintenance – Commercial weighting 35%
- Hourly labour rate for unscheduled repairs – Commercial weighting 15%
- Spare parts – Commercial weighting 7.5%
- Early Settlement Discount (applicable for invoice plans relating to Preventative Planned Maintenance) – Commercial weighting 2.5%

2.4 In relation to the preventative planned maintenance cost (element above), bidders were provided with details of vehicles inclusive of the vehicle manufacturer, model, and registration number and were required to submit individual cost per vehicle per annum for each of the contract years. The list of vehicle costs were totalled for four-year period and formed part of the overall commercial evaluation as detailed in paragraph 2.5.

2.5 The Total Value of the Evaluation is made up of the following costs:

- Total cost of the preventative planned maintenance charges.
- Hourly labour rates for unscheduled repairs based projected usage
- Total cost of basket of parts consisting of a selection of commonly used spare parts.

- Early Settlement Discount for Planned Maintenance Charges

2.6 The management of unscheduled repairs will be undertaken by Council officers at the Operational Depot at Jessie Street, who will ensure best value by adhering to their robust operating process.

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

<b>Supplier</b>	<b>Total Evaluation Score</b>	<b>Rank</b>
Riverside Truck Rental Ltd (Companies House Number 3190863)	89.70%	1

2.8 NRS will monitor the suppliers' day to day operational performance via a robust contract management procedure as set out in the terms and conditions. The CPU will undertake the overall contract management.

### **3 Financial Implications**

There are several deliberations that must be considered in relation to the financial aspect of this contract. The tender has resulted in an increase of £2,332,851 (19%) from the anticipated revenue budget provision assuming no reduction in fleet requirements are implemented. Whilst the estimated contract value shows an increase in budget, the contract will be awarded based on a schedule of rates for the maintenance, parts, and labour against the current fleet over the full contract duration and the requirements are anticipated to reduce.

Below details the main key reasons for the increased cost to budget and some of the provisions to reduce the cost during the contract period:

Factors to support the increase:

- The age and condition of the fleet, the Council's key performance indicator for vehicle on the road/availability which is 95%. This service level provision is required to ensure NRS is able to undertake the Council's statutory duties.
- The increase of 19% is reflective of increases that have taken place over the last four years of the current contract (January 2018 to January 2022) and as identified via the Office of National Statistics. This data shows that: the average wage costs in the industry has increased by 18.8%; vehicle parts increased by 13.5%; vehicles repairs have increased by 12.9%; and fuel prices have increased by 21.3%.
- Due to existing budget pressures and funding availability the ability to expedite funding approval and authorisation for the Council's vehicle replacement and refurbishment program.

- The development time to transition to a future vehicle operating model including alternative fueled vehicles.

Provision to reduce costs:

Strategic overview of fleet numbers in terms of the Council's waste service provision. It is estimated that the vehicle numbers linked to this contract will be reduced during the contract period thus decreasing spend under this contract.

- Removal and disposal of vehicles from the Council's fleet in line with operational requirements.
  - Funded refurbishment plan of some refuse collection vehicles which will entail new bodies and or hoists to be fitted which will reduce maintenance costs and downtime whilst also extending the life of the vehicle.
  - Short term contract hire, where economically advantageous, to enable the removal of the most expensive maintained vehicles until new alternative fueled vehicles can be procured.
  - Purchase of vehicles. It should be noted that the Council has procured and is expecting delivery of 19 x 26-ton Hydrogen Fuel Cell Electric Refuse Collection vehicles. The new 19 vehicles shall be placed on a separate maintenance contract which is estimated to commence in October 2022.
- This contract includes a provision for early settlement discount relating to preventative planned maintenance which, if achieved, will return approximately £130K rebate over the contract period.

#### **4 Policy and Resource Implications**

##### **Resource Implications:**

###### *Financial:*

As the planned maintenance rates vary over the four-year period, the average annual value is £3,591,046, totaling a contract value of £14,364,187. This will be funded by NRS revenue budget.

The contract has incurred an increase of 19%, equating to £2,332,851 over the four-year period from the allocated budget. Please refer to section

3 which provides further detail on the influencing factors which have resulted in this increase and the opportunities to mitigate against the full estimated cost of the contract.

The estimated total value of the contract, £14,364,187, and has been calculated by the following costs:

- Fixed Planned Maintenance relating to the indicative vehicles list for four-year period.
- Projected number of hours relating to unscheduled repairs based on both historic and future demands.
- Basket of spare parts to reflect the various models and manufacturer of vehicles.

Cost avoidance of £396K has been achieved by negotiating the unscheduled repair rate.

The contract will be awarded based on the rates which have been submitted and not the estimated overall contract award value which is subject to change as detailed in section 3.

*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 1.7.

**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, priority 61

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 Glasgow Living Wage and is in the process of becoming a Living Wage employer next year. The supplier operates a modern apprentice schemes, offers flexible working and does not operate zero hours contracts.

Community Benefit – Contractual community benefits were included in this contract with a minimum of 130 community benefits points being provided. The community benefits outcomes are as follows:

#### Recruitment & Employment (EMP)

Apprentice New Start - Full Time (from Priority Group) x 2

#### Skills & Training (SKL)

School Mentoring or Enterprise Programme x 2

Work Experience Placement - Foundation Apprenticeship x 2

Work Experience Placement - School x 2

Career Event x 2

#### Theme - Community Engagement (COM)

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

Community Engagement - Non-Financial Support (min. 5 hours) (As part of this contract they offered 100 hours of their employees time every year to allow them to volunteer and take part in community activities or events. X 2

**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 and services.

*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 has several initiatives to reduce our CO2 emissions including:

Investing in low energy lighting systems and switching our electricity supply to green energy in all our buildings.

Upgrading the heating systems in our buildings.

Putting in place recycling schemes across the whole of our estate including in our workshop in Bellshill, to include metal, oil, plastic and cardboard.

Upgrading our own fleet to 50 electric vehicles and investing £24million in an additional fleet of 265 Euro VI vehicles to help reduce harmful pollutants from vehicle exhausts.

*What are the potential climate impacts as a result of this proposal?* Transportation of Council diesel operated vehicles to supplier premises in order to undertake maintenance. To minimise the mileage travelled and emissions dispersed, Bidders premises had to be within 24-mile round from the central depot.

*Will the proposal contribute to Glasgow's net zero carbon target?* N/A



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

## **5 Recommendations**

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