



Cambridge City Council

To: Executive Councillor for Environmental and Waste Services.
Report by: David Cox
Scrutiny committee: ENVIRONMENT SCRUTINY
Wards affected: None

Project Name: Replace existing contracts for the supply of fuel, the supply of tyres, and the renewal of the vehicle tracking (telematics) contract.

Project Appraisal and Scrutiny Committee Recommendation

Project Name:

Recommendation/s

Financial recommendations –

Procurement recommendations:

- The Executive Councillor is asked to approve the carrying out and completion of the procurement of tyres, fuel and telematics
 - Fuel - £500k per annum
 - Tyres - £36k per annum
 - Telematics - £24k per annum

- Subject to:
 - The permission of the Director of Resources being sought prior to proceeding if the quotation or tender sum exceeds the estimated contract.

 - The permission from the Executive Councillor being sought before proceeding if the value exceeds the estimated contract by more than 15%.

Project Name: Contract renewals for fuel, tyres, and vehicle telematics

1 Summary

1.1 The project

Renewal of contracts for the supply of fuel, tyres and vehicle telematics.	
Target Dates:	
Start of procurement	30/06/2013
Award of Contract	31/08/2013
Start of project delivery	30/09/2013
Completion of project	
Date that project output is expected to become operational (if not same as above)	01/10/2013

1.2 Anticipated Cost

Total Project Cost	£ £1,680,000 (3 Years)
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Cost Funded from:

Funding:	Amount per annum	Details:
Reserves	£	N/A
Repairs & Renewals	£	N/A
Developer Contributions	£	N/A
Climate Change Fund	£	N/A
Other	£560,000	From existing revenue budgets

1.3 Procurement process

New contracts will be procured using framework agreements possibly with ESPO (Eastern Shires Purchasing Organisation) and the GPS (Government Procurement Service).

Estimated annual spend on Fuel: £500k

Estimated annual spend on tyres: £36k

Estimated annual spend on vehicle telematics: £24k

We are looking into joint collaborative procurement opportunities with all Cambridgeshire local authorities. All contracts will be three years in duration with the option to extend for an additional two years.

2 Project Appraisal & Procurement Report

2.1 Project Background

Fleet Management took control of Cambridge City Council's fuel supplies in September 2008 and tendered for supply of the fuel through ESPO. This contract is due to expire in September 2013. It is more cost effective to manage the fuel in house due to the whole sale purchase cost compared to prices paid at local service stations.

Vehicle telematics were installed in September 2008 replacing the AVTS system (Automated Vehicle Location System) and provided a number of key benefits: improved security of resources, health and safety of employees, significant reduction in fleet carbon emissions, reductions in vehicle motor claims to our insurers and savings in fuel.

The tyre contract is necessary for the supply of tyres required to run the Council's fleet of vehicles.

The tyre contract will require an outside service provider to regularly inspect and replace tyres. These preventative maintenance measures will provide a saving due to less wear and tear on vehicle parts.

2.2 Aims & objectives

These procurements will all contribute to the Council's vision:

"A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution".

Managing the fuel ourselves gives us the opportunity to closely monitor vehicle fuel usage and is an important tool in our endeavours to reduce fuel usage. The fuel management system we use monitors fuel use per vehicle and requires the driver to enter the correct odometer figure at the fuel pumps before it will dispense fuel. If an incorrect odometer is entered the vehicle is locked from the system and fuel cannot be dispensed until the system administrator unlocks the vehicle.

Tracking of vehicles has brought a significant reduction in fleet carbon emissions. Reports are sent to service managers and team leaders identifying excessive periods of vehicle idling, speeding and out hours journeys so that action can be taken.

Good quality tyres have less rolling road resistance thereby improving vehicle efficiency.

2.3 Major issues for stakeholders & other departments

- Vehicle tyres are necessary for all sections in the environment department.
- Vehicle telematics used extensively by all sections operating vehicles in the environment and building resources department.

Consultation undertaken:

- N/A

2.4 Summarise key risks associated with the project

Without procuring a new fuel contract by the end of the current arrangement, the Council will be operating outside of the EU procurement regulations. Fuel is essential for the running of the fleet and without it we would be unable to complete key services such as street cleaning and refuse collection.

The risk of not procuring a replacement telematics contract will impact on our continued commitment to minimize carbon emissions and pollution. The aforementioned benefits of the telematics system would be lost. The telematics system has also been vital in clarifying and disputing bogus insurance claims against the Council's fleet.

As with the fuel contract, the risk with not procuring a replacement tyre contract in time is the contravention of EU procurement regulations. The tyre contract reduces the risk to the Council by ensuring vehicles do not operate with unroadworthy tyres.

2.5 Financial implications

- a. Appraisal prepared on the following price base: 2013/14
- b. Specific grant funding conditions are:
 - N/A
- c. Other comments

Telematics costs are currently included in the revenue budgets for all sections using the system. Fuel and tyres are already budgeted within the vehicle running costs per section.

No additional funding is required for all three procurements.

2.6 Net revenue implications (costs or savings)

Revenue	£	Comments
Maintenance	0	
R&R Contribution	0	
Developer Contributions	0	See Appendix B
Energy savings	(0)	See below
Income / Savings	(0)	
Net Revenue effect	0	Cost/(Saving)

2.7 VAT implications

There are no significant VAT implications.

2.8 Energy and Fuel Savings

(a) Is this project listed in the Carbon Management Plan?	No
	If 'No', move to Section 2.9.

(b) Estimated Annual Energy Cost Savings

Year 1	£
Ongoing (£ per year)	£
Anticipated project lifetime (years)	<i>This is the number of years you expect the project to deliver the energy cost savings specified above for</i>
On what basis have you specified this project lifetime?	<i>EG: supplier guarantee</i>

(c) Which cost centre energy budget should these savings be retrieved from?

Cost Centre Name	Cost Centre Number	Account code	Cost Centre Manager

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(d) Monitoring of Savings

2.9 Climate Change Impact

Positive Impact		No effect	Negative Impact		
	+M				

The digital vehicle tracking system has been a vital tool for the management of the Council's fleet and the reduction of its fuel use. There was also a 10% reduction in motor claims going to the Council's insurers.

2.10 Other implications

Health and safety:

Tyres: - It ensures that the fleet operates with tyres that meet legal requirements and are inspected thoroughly by experts.

Vehicle telematics: - Provides the ability to locate an employee in instances of emergency.

An Equality Impact Assessment (EqIA) has not been prepared for this project

2.11 Staff required to deliver the project

Service	Skills	Total Hours
<i>Refuse and Environment</i>	<i>Procurement, developing specification and tender evaluation</i>	20

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2.12 Dependency on other work or projects

N/A

2.13 Background Papers

None

2.14 Inspection of papers

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