

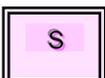
Strategic Procurement Plan

Recycling and Waste Collection, Hook loader and Small Mechanical Sweeper Vehicle Fleet Replacement



Document History			
Date	Version	Author	Amendments
10/11/17	V0.01	Matthew Long	Draft
14/11/17	V0.02	Matthew Long	
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28/12/17	V0.04	Matthew Long	
11/01/18	V0.06	Matthew Long	

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Procurement Title:	Recycling and Waste Collection / Hook loader / Small Mechanical Sweeper Vehicle Replacement		
Senior Client:	CTS / Waste Management / City Operations		
Senior Category Manager:	Chris McLellan		
Category Manager:	Shauket Ali	Project Ref No:	
Date:	10/01/18	Version No:	

Confidentiality			
Strictly Private & Confidential	<input type="checkbox"/>	Internal Use Only	<input checked="" type="checkbox"/>
		Public Document	<input type="checkbox"/>

Acquisitions of goods, services and works of £150,000 or more and / or high risk or complex projects

1. Executive Summary

This project will deliver the procurement of recycling & waste collection vehicles, hook loader vehicles and small mechanical sweeper vehicles. The replacement of these vehicles will allow the service area to meet the demands of front line service delivery and subsequently improve performance and safety within the operation.

There are potential synergies as all the vehicle types are currently maintained externally and all vehicles provide a related service provision. The Council has potential to benefit from economies of scale and achieve more competitive pricing whilst making best use of resources in carrying out a single procurement exercise as opposed to three individual procurements.

It is planned to run a competitive tender via an OJEU compliant Open process, the vehicles will be procured on a five year basis and supplied with routine maintenance (R&M) included.

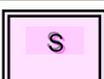
2. Introduction

2.1 Background

Recycling and Waste Collection Vehicles

The Council collects waste for residents and businesses across Cardiff. The service is operated by the Council’s Waste Management department utilising a fleet of 34 vehicles (37 including the provider’s reserve vehicles to cover servicing and MOT).

The existing agreement was awarded in July 2014 and the vehicles deployed in September 2014. The existing agreement was awarded on a three-year basis as the long-term vehicle needs for Cardiff’s waste



collection methods were subject to change due to potential legislative changes to waste collection (co-mingled to curb side separation).

Currently, all the vehicles are provided on a contract hire basis, with maintenance included in the rental cost. An onsite defect clinic and service support vehicles are provided to continually maintain a frontline fleet of 34 vehicles.

Hook loader Vehicles

The waste disposal and commercial services departments operate hook loader vehicles to service the skips at the Household Waste and Recycling Centres and commercial customers. The service area utilises 4 vehicles to meet requirements. If further vehicles are required due to infrastructure or commercial growth these will be considered as optional in the tender in order to retain flexibility.

The vehicles are currently supplied through the Council's short-term hire agreement; therefore, these vehicles are built to a standard specification. Establishing a contract hire agreement would support the requirements of the service, improve vehicle specification and provide resilience to vehicle break down with onsite support. This would also mean more competitive rates as the authority would be able to commit for a period of time so any potential contractor can spread their residual risk.

Small Mechanical Sweepers

The Council's Street Cleansing department operates using a fleet of 12 Small Mechanical Sweeper Vehicles. The sweepers are currently provided by the supplier via a three-year contract hire agreement, with maintenance included in the rental cost. A three-year agreement is in place as this is the industry standard due to the complexities of the vehicle technology. The agreement was awarded in January 2015 and the vehicles deployed in July 2015. An onsite defect clinic and service support vehicles are also provided to ensure minimum vehicle downtime. The existing agreement is due to expire and the Council intends to continue with the same contract hire arrangement for a three-year period.

2.2 Scope of Requirements

Waste Management currently operate 34 waste and recycling vehicles. The incumbent supplier covers all vehicle routine maintenance and servicing, an on-site defect clinic and service support vehicles. It is intended to replicate this agreement for continued service provision. The majority of the new waste collection vehicles will be a standard compaction vehicle however due to the nature of the service a number of specialist food waste collection vehicles are required to address current issues created by the compaction of this waste type.

Waste disposal currently operate 4 hook loader vehicles. The incumbent supplier covers all vehicle routine maintenance and servicing, however support is limited as vehicles are on a spot hire basis. It is intended to include these vehicles in the waste and recycling vehicle agreement for improved service provision.

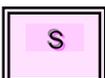


Cardiff Council Procurement Plan



Street Cleansing currently operate 12 small mechanical brush vehicles. The incumbent supplier covers all vehicle routine maintenance and servicing, an on-site defect clinic and service support vehicles. It is intended to replicate this agreement for a continued service provision.

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2.3 Estimate of Contract Value

Recycling and Waste Collection Vehicles

Estimated lease costs are £1,300,000 per year on a with-maintenance basis. A five-year contract term will give a total value of £6,500,000.

Hook loader Vehicles

Estimated lease costs are £120,000 per year on a with-maintenance basis. A five-year contract term will give a total value of £600,000.

A five-year lease is standard practice for both RCV and Hook loaders. This approach will obtain the best value for money. From market testing and existing spends the approximate value of such a contract would be estimated at £7.1 million over the five year term.

Small Mechanical Sweepers

Estimated lease costs are £300,000 per year on a with-maintenance basis. A three-year (maximum) contract term will give a total value of £900,000.

A three-year lease is standard practice for small mechanical sweepers due to the technology and the product life cycle. The approximate value of such a contract would be estimated at £900,000 over the three year term.

As the total value (£8 million) will exceed the OJEU threshold, the Council will be required to publish this opportunity via an open process in line with EU procurement regulations.

2.4 Budget/ Financial Considerations

The Central Transport Services budget to replace the existing fleet is aligned against the current lease rates. It is envisaged the running of a competitive tender to encompass all vehicle types may provide a saving against current lease rates. However, a financial risk exists and the operating service areas may be required to contribute to the costs of optional extras over and above the base specification. In addition, the Euro 6 vehicle engine became mandatory in 2014. It has been observed that the introduction of the new engine classification incurs an average increase in annual lease cost of £6,000 per vehicle.

2.5 Approval To Proceed

Estimated spend £8m. Cabinet approval required to proceed. It is envisaged that the Council places a OJEU contract notice in February 2018.

3. Business Needs and Market Analysis

3.1 Understand Business Needs

All vehicles in scope are in need of immediate replacement and to ensure best use of Council resources it is advisable to run a single procurement. In order to meet customer expectations in terms of a high quality, reliable and safe service, it is essential the Council operate a modern, reliable and well-maintained fleet of vehicles.

Due to the nature of service delivery, the inclusion of a maintenance agreement and an onsite defect clinic (located at Lamby Way Depot) with service support vehicles is required. This enables the authority to have immediate replacements when vehicles are off-road at no additional charge. An agreement inclusive of maintenance also mitigates the risks associated with servicing, maintenance and breakdown repairs as these would remain with the supplier.

Additionally, new vehicles will allow the opportunity to include new vehicle technologies to improve road safety. Operating a waste management fleet creates a significant health and safety risk for the Council as these vehicles work in areas where space can be restricted, plus in close proximity to pedestrians and other moving vehicles.

The current fleet operates mixed coverage of cyclist safety devices audible reversing alarms, additional reversing lights, spotlights for working at the rear of vehicles, additional LED flashing lights and a 360° CCTV camera systems. It is intended to continue with these technologies across all the new fleet and seek new products that the market place may offer to reduce accidents or theft such as drive-locks and immobiliser systems.

The introduction of the Euro 6 engine is the most demanding EU standard to date on the reduction of emissions from commercial vehicles. As compared with Euro 5, test cycle particulate emissions are reduced by 66% and nitrogen oxide emissions (NOx) by 80%. This procurement will ensure that all vehicles in scope meet this standard. However, this procurement will express an interest to work in partnership with the awarded supplier to further promote low carbon and low-emission vehicles.

Vehicle technology development with alternative fuels such as compressed natural gas, electric and hydrogen are continually emerging and the Council will seek to introduce options within the tender to ensure there are no restrictions in moving forwards with trialling and using vehicles that operate using alternative fuels. However, it is appreciated that such a network for suitable refuelling may take time to establish and as such the procurement will not hold this as a mandatory requirement ensuring that that the process remains as the most economically advantageous tender (MEAT) for the Council.

3.2 Current Supply and Demand Arrangements

Cardiff council currently leases the vehicles in scope from two individual suppliers. Both the recycling collection vehicles and mechanical sweeper vehicles are provided on a contract hire basis with maintenance included, it is intended to continue with this approach.

Contract Hire includes the option to 'early terminate', therefore offering some flexibility should service demands change. This procurement will explore the option for all vehicles to be provided by a single provider and explore the possibility of savings and efficiencies to the Authority through maximising vehicle 'uptime' / availability.

During the tender period, Waste Management and Street Cleansing will be reviewing projected operational growth to establish if an increase in service demand can be met with the same fleet size whilst ensuring that the number of vehicles ordered meets the most up to date understanding of the service demand.

3.3 Market Analysis

There are a number of suppliers able to provide the number of vehicles required by Cardiff. These range from finance houses to fleet operators and hire providers, all of whom would be able to offer the vehicle type required.

As service demands are for the medium term, the most efficient cost effective sourcing strategy is contract hire, whereby the asset remains an off balance operating expense. Under the Contract Hire option, routine maintenance will be included with agreement from both service area and CTS due to the specialist nature of the work and will therefore remain the responsibility of the lessor.

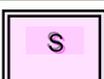
Contract hire allows the council the flexibility to off hire a vehicle without having to pay the remaining lease period as with Operating lease (3-5 years.) This provides the Council with flexibility should a change in operational requirements occur.

Developments by vehicle manufacturers in alternative fuels such as compressed natural gas, electric and hydrogen have been observed and the Council will seek to work in partnership with vehicle providers to progress the Capital ambition.

3.4 Sustainable Risk Assessment

Please see embedded SRA

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3.5 Equality Impact Assessment

Cabinet Report Appendix 1 Waste, Hook loader, Sweeper Procurement EIA December 2017

3.6 Policy Matters Affecting the Procurement

The contract value is over the EU threshold of £181,302 which dictates that the opportunity will need to be published in the OJEU, with timescales in line with EU procurement guidelines followed.

The expected contract value of £8m is above the limit set in the Council's procurement rules requiring Cabinet approval. Therefore this paper will be accompanied by a Cabinet report where the decision to proceed is envisaged to be made by Cabinet in January 2018.

3.7 User/Stakeholder Expectations

No	Stakeholder	Requirement / Interest / Influence	Engagement Method
1	CTS: <ul style="list-style-type: none"> Richard Jones David Lowe 	<ul style="list-style-type: none"> Progress requirement Approve technical spec Sign off service area requirement Evaluate tenders 	<ul style="list-style-type: none"> Fleet Category Board Tender evaluation meetings
2	Waste Management / Street Cleansing <ul style="list-style-type: none"> Jane Cherrington Claire Cutforth Matthew Long 	<ul style="list-style-type: none"> Justify requirement Provide technical spec Evaluate tenders 	<ul style="list-style-type: none"> Fleet Category Board Tender evaluation meetings
3	C&P	Lead on procurement	<ul style="list-style-type: none"> Fleet Category Board Run tender evaluation meetings
4	Legal	Provide legal advice	<ul style="list-style-type: none"> Fleet Category Board
5	Finance	Provide financial advice	<ul style="list-style-type: none"> Fleet Category Board
6	Cabinet & Councillors	Approve and support decision	<ul style="list-style-type: none"> Cabinet Paper (September / December 2017)

4. Sourcing Strategy

4.1 Proposed Sourcing Strategy

As detailed in section 3.2, the contract will include provision of vehicle along with maintenance support and a single provider model is an option to explore and maximise economies of scale.

The options available to deliver commercial vehicle procurements include the use of existing vehicle frameworks;

CCS framework for Vehicle Lease:

- Lot 3: Contract hire of commercial vehicles 7.5 tonnes and above including trailers and the option to provide municipal vehicles.
- Lot 4: Contract hire of commercial vehicles 7.5 tonnes and above from a single manufacturer. Other Lots on the GPS frameworks were not suitable for the following reasons;
- Lots 1 & 2 = vehicles up to 3.5 tonnes;
- Lot 5 = buses;
- Lot 6 = motorcycles;
- Lot 7 = up to 7.5 tonnes;
- Lot 8 = Fleet outsource solution for the total management and sourcing of an outsourced vehicle fleet for all passenger and commercial vehicles

(There are currently no Value Wales framework available for contract hire of vehicles larger than cars)

Should the Council choose to utilising the CCS framework, further competition would be undertaken using Lot 3 of the CCS framework for the waste collection and hook loader vehicles and Lot 4 for all vehicle types. This approach was pre-evaluated by Procurement & Central Transport Services and it is confirmed that the existing supplier base is not available via the CCS framework.

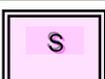
The remaining option is for the Council to run its own open procurement with individual lots to establish if there is scope for savings to realise through the appointment of one supplier to deliver economies of scale.

- a) Lot 1 – HGV (RCV's and Hook Loaders)
- b) Lot 2 – Small Mechanical Sweepers

Market engagement took place in relation to the replacement of existing vehicles and meetings with existing suppliers and those who previously expressed an interest in the last waste collection vehicle and mechanical sweeper procurements are being held (November 2017).

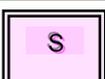
Market engagement has taken place with existing vehicle providers and with those who have previously

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expressed an interest through waste collection and mechanical sweeper procurements. The outcome of this engagement is reflected through the sourcing strategy and the contract hire terms.

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4.3 Charging/ Payment Mechanism

Rental for the current vehicles maximum interest from the market. Open procurement procedure is recommended. This will be a fully Q&A compliant / advertised electronic procurement run via the proactis electronic tendering portal.

The hook loaders are currently on a spot hire agreement, paid monthly based on a weekly price. The evaluation will be carried out in a 2-stage process. The first stage will be a mandatory pass or fail and minimum threshold will be weekly. The pass or fail sections will consist of questions relating to due diligence checks relating to financial management arrangements and health and safety. A minimum threshold score (R&W) need to be exceeded ensuring only suppliers who can demonstrate their ability to

deliver this provision are selected for stage 2 which will be undertaken on a most economically advantageous tender (MEAT).

The procurement will be advertised and evaluated as two individual lots;

- c) Lot 1 – HGV (RCV's and Hook Loaders)
- d) Lot 2 – Small Mechanical Sweepers

Through market engagement and discussion with neighbouring authorities, it is evident that there a number of suppliers that have an interest to bid for both Lot 1 & 2 requirements. However the procurement will advertise the requirement as 2 separate Lots. The justification being the two lots being specialist vehicles and the need for the supplier to provide assurances that the service will be fully supported to ensure there is no detrimental impact to front line service delivery.

The advantages of combining RCV's & hook loaders in Lot 1 further include a single engineering base in the immediate area for the vehicle maintenance, a consolidated approach to administrative back office functions, contract management and the reporting of KPI's. It is expected that should a tenderer be successful in both Lots a combined approach may deliver better value for money as there clear synergies that exist within the requirement, however as mentioned assurances would need to be demonstrated in the evaluation process.

The evaluation will be carried out in a 2-stage process. The first stage will be based on a pass / fail threshold score ensuring only suppliers who can demonstrate their ability to deliver the vehicle requirement are selected for stage 2 which will be undertaken on a most economically advantageous tender (MEAT).

To reinforce the need to deliver a fully maintained service, a 60% price / 40% quality weighting will be applied to ensure the supplier has the ability to support operational needs and deliver continuous improvement.

Stage two is detail in 4.7.

4.4 Contract Type

The intention of the tender is to award a five year contract for Waste & Recycling Collection Vehicles, Hook Loader Vehicles and three year for Small Mechanical Sweeper Vehicles. With the provision of a contract hire (including maintenance) agreement, these are current industry standard terms for the vehicles types due to the nature of the work that is undertaken.

The decision to utilise a contract hire arrangement is based upon the current Council funding mechanisms and the risk of ownership for a vehicle fleet of this size and value. This contract type offers a complete solution for vehicle provision and frontline support including the flexibility required should there be changes to the waste management / street cleansing operation. It is anticipated that this will allow flexibility to support the alternative fuels agenda however any changes would be subject to a business case analysis at the appropriate time.

4.5 Major Contract Clauses

The existing single supplier arrangement has proven to work for neighbouring authorities and commercial operations by reducing the number of vehicles required, reducing maintenance / defect costs and downtime, and providing on-site service support.

The following should therefore be included in the new tender:

Suppliers requirement to maintain a specified number of frontline vehicles at all times – a quantitative methodology must be submitted by supplier and it must include the provision of service reserve vehicles having identical H&S equipment to maintain operator risk level).

On site defect clinic to rectify vehicle defects during core operational hours

All vehicles must be new when delivered (with the exception of service reserves which must be no older than 3 years for collections vehicles and hook loaders / 1 year for small mechanical sweepers);

Ability to recover and maintain / repair vehicles within 30 minutes of Council waste depot;

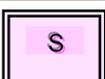
Use of the ATF (Authorised Testing Facility) lane at the Central transport services depot for annual 'plating and testing' of these vehicles.

The service area will provide other specifics such as vehicle specifications and contract monitoring / reporting requirements.

4.6 Supplier Qualification

Ability to deliver vehicles in line with the Council's specification Acceptable financial standing

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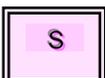




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4.7 Evaluation Methodology and Criteria

This is an indicative proposal and will be finalised prior to issuing the Invitation to Tender.

Stage One

The evaluation will be carried out in a 2-stage process. The first stage will be a mandatory pass or fail requirement, ensuring only suppliers who can demonstrate their ability to deliver this provision are selected for stage 2 which will be undertaken on a most economically advantageous tender (MEAT).

Stage Two

The specification for these specialist vehicles is very detailed; therefore, the evaluation criteria will be 60% Price and 40% Quality with adherence to the specification being a mandatory item.

Mandatory item

- vehicle characterisation / specification

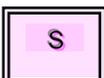
60% Price

- 75% of which will be for the submitted contract hire rate
- 15% of which will be for the submitted price for cost options (e.g. Health & Safety Technologies)
- 10% for the hourly recharge rates for any damage repairs undertaken by the provider

40% Quality

- 10% of which will be for the vehicle delivery plan
 - *The proposed implementation plan to avoid service delivery interruption including the earliest delivery date of the last vehicle.*
- 65% of which will be for Contract management
 - *Methodology demonstrating clear ability to maintain a frontline fleet during the Councils specified operating hours.*
 - *Provision and transparency of contract management and the supply of relevant management information.*
 - *Warranty durations, this applies to all relevant warranties on chassis, body and lifting equipment.*
 - *Aftersales and account management.*
 - *Health & Safety procedures including the management including the management of sub-contractors.*
- 10% of which will be in support of the Carbon Footprint / CO₂ Reduction initiatives / Alternative Fuel proposals
 - *Provision of information to accurately monitor vehicle fuel usage and carbon footprint. Advantage will be given to reducing the carbon footprint of the fleet and the consideration of technologies to obtain further reduction in fleet emissions. This will included the trialling of vehicles utilising alternative fuels, any specific improvements would be subject to a business case analysis at the appropriate time as the cost of the refuelling infrastructure will need to be considered in conjunction with any vehicle cost implications.*
- 15% of the marks will be based against Continuous improvement initiatives the supplier is able to deliver over the contract period.

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4.8 VFM Measurement, Savings and Benefits

The outline procurement approach has been reshaped to maximise the economic advantages to combing the collection vehicles fleet replacement with other specialist waste vehicles to achieve competitive contract hire rates.

4.9 Risk Management and Mitigation Issues

RISK DESCRIPTION	ACTIONS TO MANAGE RISK	BASELINE RAG STATUS
Timescales not met	Daily review against timetable by Project Manager	R
Recommendation not agreed	Provide robust business case	A
Suppliers unable to provide vehicles	Maximise number of suppliers opportunity is made available to (Open procurement route). Market analysis undertaken to ensure requirements is realistic	A

4.10 Service Levels

Phased vehicle delivery to take place between July – 2018 and March 2019.

Vehicle uptime levels (operational hours) to be agreed with Service Area.

4.11 Community Benefits

A community benefits plan will be requested as part of the tender exercise

4.12 Asset Management and Disposal Arrangements

As current vehicle are also obtained on a contract hire basis they will be returned to the vendor at the end of the contract, with new vehicles provided via a subsequent procurement.

The risk in disposal and residual value lies with the provider.

4.13 Transitional Issues (in/out)

Operational transition to be agreed by Service Area; however it will be essential that the front line operation is not affected.

5. Implementation Plan

TBC

5.1 Procurement Timeframe

Milestone / Activity	Date
Cabinet approval	January 2018
Place OJEU Contract Notice	February 2018
Tender Close & Evaluation,	March 2018
Cabinet Approval	April 2018
Standstill Period	April 2018
Contract Award	May 2018
Delivery of New Fleet (phased delivery)	July 2018 - March 2019

5.2 Tender Management

The proactis procurement website will be used to publish the notice and all tender documents, and receive / respond to any clarification questions. This will be a fully E-enabled procurement in order to receive the maximum dispensation (days) allowed for following a fully electronic route.

Sell2Wales will be utilised to publish the OJEU Notice.

5.3 Governance Arrangements

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Name	Role
Chris McLellan	Programme Manager
Allen Evans	Senior finance representative
Tara King	Senior user (operations)
David Lowe	Senior user (technical)
Christine Salter	Sign off

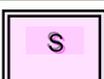
5.4 Procurement Team Details

Name	Role
Matthew Long	Project Manager / Evaluator
Shauket Ali	Arbitrator
Richard Jones	Evaluator / Technical User
Jane Cherrington / Claire Cutforth	Evaluator / Service Area user
Sian Humphries	Legal advice and support
Marc Falconer	Financial advice and support

5.5 Reporting and Monitoring Arrangements

Strategic Procurement Plan to be signed off by Programme Manager (Chris McLellan)

Pre-Tender Report to be signed off by Head of Procurement (Steve Robinson) and Corporate Director of Resources (Christine Salter)



6. Post Implementation

6.1 Contract Management Arrangements

- CTS to monitor downtime / uptime
- Vehicles to be maintained in line with Operators License requirements
- Vehicles remain legal (vehicle excise duty provided promptly; annual plating and testing arranged in good time;
- Tyres will be provided externally by the Council’s tyre managed service provider
- C&P to manage contract performance at quarterly business reviews via a cross functional review panel made up of C&P Category Manager and CTS Contract Manager
- Operational day to day reporting / control to be identified within the KPI’s / T&C’s in order to clearly define responsibility and obligations on both CTS/Waste/Street Cleansing and the supplier

7. Appendices

Agreement to Proceed to Next Stage

Proposed by:

Name:	Matthew Long	Title:	Projects & Development Manager (Waste Man)	Date:	11/01/18
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Endorsed by:

Name:	Jane Cherrington	Title:	OM Recycling Waste Services	Date:	11/01/18
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Approved by:

Name:	Tara King	Title:	AD, Economic Development	Date:	11/01/18
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