

FLEET VEHICLE SPOT HIRE CONTRACT

CLIMATE CHANGE (COUNCILLOR CARO WILD)

AGENDA ITEM: 3

Reason for this Report

1. To seek the approval of Cabinet:
 - (i) that the council procure its contract for spot hire vehicles via the Welsh Government Commercial Delivery (WGCD) Framework for the provision of vehicle hire WGCD Ref: NPS-FT-0110-21 and approve the evaluation criteria set out in this report. The duration of the arrangement will run from the date of award (anticipated to be from the 1st of February 2024) to 1st of November 2025. The estimated contracted value of this procurement will be £6.1m.
 - (ii) delegate the authority to determine and generally deal with all aspects of the procurement process and ancillary matters up to and including the awarding of the contract to the Corporate Director, Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the Cabinet Member for Climate Change and the Director of Governance and Legal Services.

Background

2. Central Transport Services (CTS) currently use a Welsh Government framework in order to source hire vehicles on a short-term spot hire basis up to a maximum of 3 years. The contract is used by all Council departments including schools and covers cars, light commercial vehicles, and heavy goods specialist vehicles. Spot hire offers best value for up to a 3-year period or where service areas are unable to commit to long term financial arrangements. It is also used to fill the gaps of any immediate requirements until a lease or purchase alternative can be sourced. Any requirement over 3 years should either be leased or purchased outright and managed by the CTS until the end of life.
3. Currently due to various supply chain issues such as the shortage of semi-conductors, Brexit, vehicle spares and the war in Ukraine, vehicle supply chains have been at an all time low including any volume related or industry discounts being removed from the market. Currently for the

first time we have seen spot hire rates and longer-term lease arrangements costs align giving no great advantage over lease to that of spot hire. Historically spot hire has always been more expensive to that of a longer-term lease arrangement but in the current climate this is not the case. That said we do anticipate the market to recover by 2025 which will see fleet discounts coming back into place and lease becoming the cheaper solution over longer term arrangements.

4. The current Welsh Government Commercial Delivery (WGCD) Framework for the provision of vehicle hire WGCD Ref: NPS-FT-0110-21 was awarded in November 2021 and ends in November 2025. The framework is made up of three lots of Cars, Light Commercial Vehicles under 3.5 tonnes and Specialist Vehicles over 3.5 tonnes.
5. Our intention will be to replicate our previous contracts of this type by direct awarding lots 1 and 2 to a single provider and running a mini comp for each request for lot 3. This greatly reduces officer time but still provides the best price and service for the Council.
6. In line with the framework agreement lots 1 & 2 will be awarded under option one of the framework to a single supplier based on availability and price providing best value. Lot 3 will be awarded in line with option 3 of the framework by running a mini competition via all providers each time a vehicle of that category is required.

Criteria	Score
<p>Price: Price will be based in line with the framework for Lot 1 and Lot 2 by awarding to a single supplier based on price which demonstrate best value for the Authority.</p> <p>Lot 3 will be run as a mini – competition, inviting all suppliers on the framework each time a vehicle under lot 3 is required. The mini comp selection will be based on price which demonstrate best value for the Authority.</p>	70%
<p>Quality: Vehicle Availability and Suitability</p>	30%

7. Current annual spend on spot hire is approximately £3.5 million. CTS are to commence a full fleet review in October 2023 that will consist of, amongst other things, a detailed fleet replacement programme. This review will identify the most cost-effective solution to all aspects of the Council’s fleet. We are anticipating the review will see an overall reduction of spot hire vehicles, improved funding solutions and a rigid fleet replacement strategy.
8. The Council’s fleet currently comprises of 957 vehicles. This is made up of 382 leased, 273 owned and 302 spot hired vehicles.

9. Internally all Council departments requiring a spot hire vehicle must submit a spot hire form to CTS and in all cases must be approved by the departments Operational Manager in order to control and manage the requirement of additional vehicles. Where possible, use of electric vehicles should be considered and in addition, all fleet vehicles are tracked so that a vehicle's utilisation can be monitored and managed effectively by all concerned.

Issues

10. The estimated contract value exceeds £5,000,000 over the contract period and in order to comply with Financial Procedure Rules and Contract Standing Orders and Procurement Rules, Cabinet approval to proceed with the tender process is required.

Local Member consultation (where appropriate)

11. The proposal does not involve a local issue.

Reason for Recommendations

12. To approve the approach and procurement of fleet vehicle spot hire contract.

Financial Implications

13. The financial implications set out below relate specifically to the issue at hand (contract for spot hire of vehicles) and are not intended to provide financial implications or other commentary in respect of any linked matters mentioned directly or indirectly within the report (e.g., processes in respect of off-hiring, conversion to lease, management of aged fleet, etc).
14. Whilst the Council continues to procure vehicles which are required for periods of three years or more via purchase or lease arrangements, short-term need is managed through the spot-hire process. The report states that spot hire offers best value where the need is for shorter periods, or where the service area is either unsure of ongoing need or are unable to commit to longer-term financial arrangements. There will need to be robust arrangements in place to ensure that spot-hire is the most cost-effective method of procurement.
15. It is intended that this contract would run from 1st February 2024 until 1st November 2025 in line with the current Welsh Government Commercial Delivery (WGCD) Framework. It is not possible to pre-empt the value of bids from potential suppliers. Whilst the indicative contract value is estimated to be in the region of £6.1 million based on 2022/23 usage and prices, the actual contract value may differ significantly, depending on service area demand, decisions around fleet mix and utilisation and the potential for slippage in start date of contract (assuming the end date would remain the same in line with the framework).

16. The intention would be that the direct award of contracts for Lots 1 and 2 and any mini competition for Lots 3 would not, in and of themselves, incur a budget pressure and that costs of spot hires will continue to be borne by existing budgets held by individual directorates with service areas considering costs of hire on a case-by-case basis.

Legal Implications (including Equality Impact Assessment where appropriate)

17. The report recommends approvals to commence procurement processes off a framework.
18. Any procurement via a framework must be carried out in accordance with the process set out in the framework Agreement. Legal services have not reviewed the framework. Before placing reliance on a framework and awarding a contract, in summary, the client department should satisfy itself that the Council was identified in the contract notice (advertising the framework opportunity) as a party entitled to use the framework for the intended procurement/contract and the framework process is followed and, in respect of direct awards, that the framework allows direct award. The client department should also satisfy itself as to the T&C's and as to whether they are suitable for their requirements and complete all necessary information in those T&C's before commencing the procurement process.
19. The report recommends approval of the evaluation criteria and weightings. The evaluation is of high importance, as it will determine who will be appointed. Therefore, the decision maker needs to be satisfied as to the same and the weightings proposed.
20. The report also seeks to delegate further decision to the Corporate Director. Any further legal implications will be set out in any delegated decision report.
21. Equality Duty.

In considering this matter, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). This means the Council must give due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

22. Well Being of Future Generations (Wales) Act 2015 - Standard legal imp The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier,

more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

23. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2023-26. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
24. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
 - Look to the long term.
 - Focus on prevention by understanding the root causes of problems.
 - Deliver an integrated approach to achieving the 7 national well-being goals.
 - Work in collaboration with others to find shared sustainable solutions.
 - Involve people from all sections of the community in the decisions which affect them.
25. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

General

26. The decision maker should be satisfied that the decision is in accordance within the financial and budgetary policy and represents value for money for the council.
27. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards."

HR Implications

28. There are no HR implications for this report.

Property Implications

29. There are no property implications for this report.

RECOMMENDATIONS

Cabinet is recommended to:

- 1) approve the procurement process of the Council Fleet spot hire requirement via the Welsh Government Commercial Delivery (WGCD) Framework for the provision of spot hire vehicles WGCD Ref: NPS-FT-0110-2.
- 2) approve the high-level evaluation criteria set out in the report for the direct award to a single supplier for lots 1 and 2 with Lot 3 run as a mini competition as an when a vehicle of this type is required.
- 3) Delegate the authority to determine and generally deal with all aspects of the procurement process and ancillary matters up to and including the awarding of the contract to the Corporate Director, Resources in consultation with the Cabinet Member for Finance, Modernisation and Performance, the Cabinet Member for Climate Change and the Director of Governance and Legal Services.

SENIOR RESPONSIBLE OFFICER	Chris Lee Corporate Director Resources & Section 151 Officer
	13 October 2023