

Report to Cabinet

9 June 2022

By the Cabinet Member for Recycling and Waste

DECISION REQUIRED



**Horsham
District
Council**

Partially Exempt

**Appendix 1 exempt under Paragraph 3 of Part 1 of
the Schedule 12A to the Local Government Act
1972**

Procurement for Supply & fit of Tyres and Associated Services Contract

Executive Summary

The purpose of this report is to approve the award of contract for the Supply and Fit of Tyres following a comprehensive tender process. A tender process was originally undertaken in December 2021 and January 2022, however the original process was not completed as an internal review identified that some key procurement checks had not been sufficiently carried out. The review led to a re-evaluation of the tenders received, and this report sets out the results from the further review.

The Council is acting as the Lead Authority to undertake a procurement process for the supply and fitment of tyres for all Council vehicles, in collaboration with four other Councils. The contract will commence in August 2022 for a three-year term, with a two-year optional extension period subject to the supplier's satisfactory performance. The Council spends approximately £45k p.a., with an estimated total value of £225k over the five-year contract period.

Recommendations

That the Cabinet is recommended :

- i) To approve the award of the contract for Fit and Supply of Tyres to the highest scoring bidder, on the terms recommended, as detailed in Appendix 1 (exempt);
- ii) To delegate authority to the Director of Community Services in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into contract with the highest scoring bidder for the Tyres contract.

Reasons for Recommendations

- i) Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT). Horsham District Council currently spends £45,000 per annum on tyres and associated services, which therefore exceeds this threshold over the contract term.

- ii) The Council has not competitively procured this contract previously but does have a long-standing agreement in place with the current supplier. The contract is therefore to be brought into compliance, and to formalise the relevant contract management arrangements.

Background Papers - None.

Wards affected - All wards.

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Background Information

1 Introduction and Background

- 1.1 The Council has had a long-standing arrangement in place with a supplier for the requirements detailed below; however this has not been competitively procured previously, and there is currently no formal contract in place. A compliant route to market was therefore needed, which has also provided the opportunity to formalise and improve contract management arrangements, assess the quality of suppliers' provision of goods/services, and ensure greater control over costs during the contract term.
- 1.2 Currently Horsham District Council spends £45k per annum on Tyres and associated services. It was identified that several other local authorities also had a similar requirement and therefore decided to undertake a collaborative procurement to benefit from aggregation of expenditure with the following Councils:
- Adur and Worthing Councils
 - Chichester District Council
 - Crawley Borough Council
 - Reigate and Banstead Council
- 1.3 Across all the authorities participating in the procurement the contract value per annum is estimated at £204k (based on 2020) expenditure.
- 1.4 All the Councils manage a fleet of various types of vehicles. Each Council has a very similar Fleet Tyre Policy but have always worked as separate entities. The Councils have decided to work in a more collaborative way. The aim of this collaboration is to help the Councils to achieve savings, to facilitate the sharing of knowledge and best practice and to help to ensure consistency for the Supplier and the Councils. This is in respect of tyre requirements, customer service and the ability to share information and resources. The overall objectives are to ensure that all Council fleets are working as efficiently as possible, keeping vehicle down-time to a minimum, to only use remould tyres where possible to ensure the Council fleets have less impact on the environment and to ensure fleets are as sustainable as possible in order to meet the Council's sustainability targets.
- 1.5 The Council decided to conduct a mini competition utilising Crown Commercial Services framework. RM6142 - Supply of tyres, glass and fast fit solutions. The decision was made to utilise a framework rather than conduct an open tender to save time, it also has the advantage of aggregation of expenditure and pre procurement checks of the suppliers on the framework.

2 Relevant Council policy

- 2.1 The approaches are compliant with the Council's Procurement Code and supporting policies such as the Sustainable Procurement Charter and sought to obtain value for money supplies/services for the Council.

- 2.2 As part of the procurement process, the organisations which submitted a tender for each contract were assessed on the basis of their approach to a number of factors including health and safety and sustainability.

3 Details

- 3.1 A mini-competition was conducted utilising Crown Commercial RM6142- Supply of Tyres, Glass and Fast-Fit solutions, Lot 2 Supply, fit and management of tyres and associated products and services. All suppliers on this Lot were invited to submit a bid in response to the Council's requirements. The tender documents were issued on 22nd November 2021 via the Councils e-tendering portal.
- 3.2 The Council received three bids prior to the deadline of 20th December 2021.
- 3.3 Appendix 1 (Exempt) details the outcome of the evaluation process.
- 3.4 The tender documentation included a contract in a draft form. This ensures that all contractors understand the nature of the contract that they will be expected to enter into.
- 3.5 During the tender preparation processes, suppliers raised clarification questions, which were answered. Clarification information was shared with all bidders through the procurement portal.

4 Next Steps

- 4.1. Bids for each tender process were evaluated on the basis of the Most Economically Advantageous Tender (MEAT), which combines price and quality. The financial viability of the bids received was assessed by authorised officers from each authority and service representatives from the councils independently evaluated each bidder's quality submission.
- 4.2. The individual quality scores were presented at a moderation meeting by the service representatives from the Councils, which was attended by a Senior Solicitor, the Shared Procurement Service Manager, Procurement Officer and Procurement Project Support Officer. The scores were moderated and agreed at this meeting.
- 4.3 The price scores were added to the quality scores to identify the winning Tenderer, who will be awarded the contract.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 Key managers including the Fleet Manager and Assistant Resources Manager responsible for overseeing these contracts were part of the project team and were responsible for defining the requirements. Managers from all collaborating authorities were consulted on the approach to each tender and assisted in the development of the tender documents.

- 5.2 The Director of Community Services and Cabinet Member for Environment, Waste, Recycling and Cleansing were consulted on and approved the approach for each tender.
- 5.3 The Head of Legal and Democratic Services (Monitoring Officer) and Interim Director of Resources have been consulted, and any recommendations have been incorporated into the report.

6 Other Courses of Action Considered but Rejected

- 6.1 An open tender was considered; however, a new Crown Commercial Services tyres framework was available. This offered a quicker compliant route to market. A decision was made to run a mini-competition instead of a direct award to ensure the councils were receiving best value for money, as well as giving the councils embed sustainability as part of the requirements.

7 Resource Consequences

- 7.1 Collaborating and using the Crown Commercial Service Framework has the benefit of reduced pricing through aggregation of expenditure. This will help keep costs for each individual Council to a minimum and reduce costs.
- 7.2 The Council anticipates the price per tyre will be slightly lower than current prices and the Council should be able to get more wear out of the tyres. HDC will now have the ability to ensure better tyre management by using Direct Tyre Managements digital monitoring portal, tyre positions swapped to even out wear across all tyres, tyres turned on rims and tyre treads re-cut. HDC will be able to monitor work carried out in real-time from the office.
- 7.3 The Council is not expecting any significant cost increases in the future but external market factors may lead to an increase in the cost of raw materials. Any request for a price increase due to inflationary increases or increases in the pricing of raw materials outside of the supplier's control will be on an annual basis and any increase will be at the Council's discretion.

8 Legal Considerations and Implications

- 8.1 The approaches are compliant with the council's Procurement Code and the Public Contract Regulations and were undertaken by the council's Shared Procurement Service.

9 Risk Assessment

- 9.1 It is considered that there is a low risk of suppliers being unable to supply tyres; however, there is a risk that suppliers may struggle to meet required response times due to Covid-19 and potentially a shortage of technicians who have left the industry.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Manager, supported by a Procurement Officer and Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 The tender documentation and contract ensure that the resulting contractor has a duty to comply with all equalities legislation and pays due regard to any possible future impacts on human rights.

12 Environmental Implications

- 12.1 Suppliers were assessed on their approach to sustainability (for example carbon reduction and neutrality, waste, etc.) as part of the quality evaluation process for each tender. For the Tyres tender, suppliers were also assessed on their provision for Tyre Disposal and any recycling or re-use of the components of your tyres.
- 12.2 The Tyres tender has been designed to reduce the impact on the climate by specifying the use of remoulded tyres where possible. Remoulded tyres save roughly 80% of the materials required to manufacture a new tyre, equating to approximately 68 litres of oil, 44kg of rubber, and 63kg of CO₂ on every casing. HDC purchased 172 remould truck tyres last financial year which saves approximately 11,500 litres of oil, 7,500 kg of rubber and 10,800 kg of CO₂ per annum using remoulded tyres.

13 Other Considerations

- 13.1 In respect of the Tyres tender, prospective suppliers had to demonstrate robust Safe Working Method Statements and successfully demonstrate how they would manage any sub-contractor relationships.