

**Report of the Chief Constable to the Chair and Members  
of the Policy & Resources Panel  
30<sup>th</sup> June 2011**

**Executive & Presenting Officer: Mrs Ann Hall, Assistant Chief Officer  
(Finance & Commissioning)**

**Status: For approval**

**Vehicle Procurement 2011/14**

**1. Purpose**

- 1.1 The purpose of this report is to inform Members of the NPIA National vehicle procurement frameworks 2011/14.
- 1.2 To advise Members of the results of the North East Forces regional collaboration and seek approval of the recommendation from the mini-competition under the NPIA framework.

**2. Recommendations**

- 2.1 To agree to continue to collaborate with the North East Region for the procurement of police vehicles.
- 2.2 To agree to use the regional framework for the procurement of police vehicles for the period 2011/14.
- 2.3 To accept the final outcome of the tender for the regional collaboration that is as follows:
  - Tenderer 1 is awarded Lots E, F, & I
  - Tenderer 4 is awarded win Lot D.
- 2.4 To accept the proposed vehicle framework for the procurement of Cleveland Police vehicles for 2011/12.

- 2.5 To agree the migration of Beat car vehicles to that of a smaller vehicle for 2011/14 instead of the vehicle currently used. This would equate to a saving of £2,744 per vehicle.

### **3. Background**

#### **3.1 National Frameworks**

The Force has previously purchased its vehicles, as part of the annual Capital Replacement Programme, via the use of the joint National Policing Improvement Agency (NPIA) and National Association of Police Fleet Managers (NAPFM) framework agreement for vehicles and spare parts. These Frameworks were established in April 2005 and terminated on 30<sup>th</sup> September 2010.

- 3.2 New nationally mandated vehicle frameworks have now been awarded by the NPIA and supported by NAPFM. These frameworks were designed to offer for the first time the following key benefits:

- Specific categories with options to purchase both standard vehicles and that of 'turn key' which are supplied from the manufacturer with all the necessary equipment and livery to our specification.
- A 2 year fixed price with year 3 and 4 increases not to exceed C.P.I.
- A 4 year term to the contract.
- A cost reduction to be considered if more than one lot was awarded to a manufacturer.
- The new Frameworks will champion the use of mini-competitions. This process will not only encourage regional collaboration, but it is expected that using collaborative, aggregated based volumes, may provide greater cashable savings.

#### **3.3 Regional Framework**

The seven fleet managers of the full North East region agreed to enter into a collaborative mini-competition to enhance the benefits from the National Framework by taking advantage of potential volume discounts by standardising vehicles across the region.

- 3.4 Humberside Police agreed to lead the mini-competition exercise for the full North East region with individual Fleet Managers having input.

- 3.5 The Fleet Managers of the Forces in the region invited all suppliers to attend a bidders' day where they were advised of the requirements and how to complete the documentation. However during this event, several suppliers made it clear that additional discounts off the original framework prices were not possible and that most suppliers had already provided their best prices. The suppliers did advise that they would however, consider volume reductions if any one manufacturer was successful in securing more than one category.

#### **4. Mini Competition Summary**

- 4.1 Due to the wide range of vehicle types used across the forces, it was decided to break the tender down into individual lots. These are listed at Appendix 1.
- 4.2 A full tender process was carried out for all the regional Forces' requirements for the coming years. The tender documents were scored on areas such as vehicle cost, warranty terms, life costs and CO2 emissions. The scoring matrix and results are held by Humberside Police procurement department who carried the process on behalf of the region's Forces.
- 4.3 Tenderer 1  
Tenderer 1 provided a very comprehensive bid, meeting all the requirements of the mini-competition. The key element to their bid was to offer a new specification vehicle in the low performance lot (lot F). This is a vehicle with a smaller engine capacity to that of the one on the original framework and is a cheaper option to the one on the original framework. This change has been approved by key members of the NPIA and NAPFM and will be included in the NPIA frameworks as an agreed option.
- 4.4 Tenderer 2  
Tenderer 2 provided a comprehensive bid meeting all the requirements of the mini-competition. The key element to their bid was to offer a new specification vehicle as an alternative vehicle to the one originally agreed on the framework. This again has been approved for inclusion to the Frameworks by the NPIA and NAPFM.
- 4.5 Tenderer 3  
Tenderer 3 provided a bid which was of a poor quality however they provided sufficient information to be able to be included in the bidding process. Their bid included the following:
- This supplier is currently changing one of the vehicles in the low performance lot. This created problems in evaluating the whole life cost as technically the vehicle does not exist. For the sake of completeness their current model was used as the benchmark to obtain the whole life cost as this would be the nearest alternative model that could be priced.
  - They did not agree to the 2 year price fix
  - They did not agree to the standard warranty
  - They did not agree to our external warranty requirements.
- 4.6 Tenderer 4  
Tenderer 4 offered a comprehensive bid in the high performance category and are the only supplier to reduce their prices against the original framework. They have not however fully agreed to the external warranty timescales, although this scenario will not affect Cleveland Police.

#### 4.7 Tenderer 5

Tenderer 5 offered a comprehensive bid in the high performance category. They did not agree to the 2 year fixed pricing but have agreed to only increase the cost of their vehicles by no more than £500 after an initial 12 month period.

#### 4.8 Tenderer 6

Tenderer 6 were unfortunately discounted from the bidding process for the following reasons:

- Failure to submit prices that could be understood
- Failure to provide any detail as to how they will undertake external warranty repairs
- Failure to provide timescales for repairs and collection / delivery of vehicles
- Failure to provide information on the level of warranty offered
- Failure to provide sufficient detail with regard to in-house warranty costs

4.8 The regional group decided against progressing with Lots G or J as it was felt that they need to further specify their requirements to ensure a fit for purpose vehicle is purchased going forward to forthcoming years.

### 5. Implications

#### 5.1 Financial

The tables below show the whole life costs for vehicles currently in use (over four years) compared against the recommended purchases under the new mini-competition.

##### *Current Vehicles*

	Quantity	Base Price	Whole Life Cost	Total 4 Year Cost
Type 1	14	£23,293	£39,739	£556,346
Type 2	72	£10,536	£25,500	£1,836,000
Type 3	10	£15,034	£29,261	£296,210
Type 4	36	£7,940	£19,833	£713,988
Type 5	10	£10,867	£15,552	£155,520
Type 6	44	£11,298	£16,107	£708,708
<b>Total Cost</b>				<b>£4,266,772</b>

##### *Proposed Vehicles*

	Quantity	Base Price	Whole Life Cost	Years	Total Cost
Type 1	14	£18,997	£43,463	4	£608,478
Type 2	72	£11,165	£20,409	3	£1,469,452
Type 3	10	£11,772	£19,985	3	£199,851
Type 4	36	£8,421	£20,134	4	£724,826
Type 5	10	£8,377	£13,476	4	£134,769
Type 6	44	£10,917	£15,903	3	£699,732
<b>Total Cost</b>					<b>£3,837,108</b>

- 5.2 The total costs above include life costs such as repairs and maintenance. The procurement of Force vehicles, as part of this regional collaboration, will be kept in line with the Force's Capital Programme 2011/12 & Capital Plan 2012/15, as agreed by Members of the Police Authority at their meeting on 24<sup>th</sup> February 2011.
- 5.3 There are some varying differences over total costs, with some vehicles showing 3 years and others indicating 4. This is due to the fact that the life of vehicles is profiled depending on the duties individual unit(s).
- 5.4 The 'turn key' cost of the vehicle for the low performance category and any additional conversion costs in all other categories have been removed to ensure that only base vehicle prices are shown.
- 5.5 Currently, local arrangements for commissioning of vehicles and the reuse of equipment are still a better value for money option than using the 'turn key' solution from the manufacturers. As an example:

Current 'turn key' price	£13,998.76
Non 'turn key' with local commissioning	£12,464.86
Saving	£ 1,533.90

- 5.6 This option however would be short term as the requirement to replace blue light equipment in the future would make the 'turn-key' solution a more viable alternative. Presently the Force profiles its blue light equipment to furnish a number of vehicles throughout their life. However the advent of 'turn-key' vehicles will be a more cost effective to the Force in the future due to the fact that our present blue light equipment will be beyond economical repair in two to three years. Manufacturers will supply these vehicles with blue light equipment already fitted at the factory and will be in a position to offer a full de-commissioning and disposal system for marked vehicles marking this a more viable and cost effective solution going forward for the future.
- 5.7 A further option for consideration is the migration of the Beat car vehicles to that of a smaller vehicle instead of the vehicle currently in use. This would have the benefit of a saving of £2,744 per vehicle on non 'turn-key' solutions. This would equate to a saving of £16,462 on the number of Beat vehicles required during 2011/12.
- 5.8 Due to the fact that Tenderer 1 scored highest in more than one category means that the Force could enjoy lower price brackets on vehicles across the range. For example the purchase price of a van from Tenderer 1 would be £111.40 lower per vehicle. The 44 vehicles required over four years would lead to the savings of £4,901.60.

#### 5.9 Diversity and Equal Opportunities

Tenderers were requested to complete an equality and diversity questionnaire as part of the tendering process to ensure that they meet equality and diversity legislation.

#### 5.10 Human Rights Act

There are no Human Rights Act implications arising from this report.

#### 5.11 Sustainability

There are no sustainability implications arising from this report.

#### 5.12 Risk

There are risks in not progressing with Tenderer 6's bid in that they may be the overall cheapest supplier in the low performance lot and we could be paying more from the other suppliers.

5.13 However, if we did progress with Tenderer 6, due to the complete lack of information within their tender there could well be a challenge from any of the other suppliers as not having complied with the process.

5.14 Within the Cleveland Police area there is only one dealer for Tenderer 6. Under our current outsourced vehicle maintenance provision, this would require all the Force's warranty work to go to this one dealer.

5.15 Should the decision be made not to accept the recommendations above, the Force would be placed in the position of having to conduct a lone tender leaving itself vulnerable to the potential of unknown costs with varying suppliers with more restricted after sales support than currently.

### **6. Conclusions**

6.1 In an effort to comply with both mandated NPIA vehicle replacement contracts and to further seek value for money in addition to standardisation across Forces; the North East region pooled their anticipated vehicle requirements for the next four years and entered into a mini-competition with identified suppliers.

6.2 As a result of the mini-competition, it is recommended that contracts are awarded to the following:

- Tenderer 1 - Lots E, F, & I.
- Tenderer 4 - Lot D.

6.3 To some degree, the expected cashable savings of pooling vehicle requirements did not have the impact on some of the region's Forces as initially expected, as prices for vehicles have risen in the new contracts. However as a result of Tenderer 4 scoring highest in the high performance category and Tenderer 1 scoring highest in more than one lot of the other

category vehicles; it means that all regional forces will benefit from a lower pricing bracket and increased standardisation of police vehicles across the North East region.

- 6.4 The benefits to Cleveland Police are that the actual cashable benefits will only be marginal for this coming year. This is due to the fact that although commitment to volume was given, Capital budgets for 2011/12 have been reduced due to the present financial climate.
- 6.5 Cleveland will still enjoy the longer term benefits by signing up to the regional commitment by the fact that Tenderer 1 vehicles were successful in more than one category thus placing the Force in a much lower pricing category for purchase over the next four years.

Sean Price  
Chief Constable