

NORTH LINCOLNSHIRE COUNCIL

**POLICY AND RESOURCES CABINET MEMBER
&
HIGHWAYS & NEIGHBOURHOODS CABINET MEMBER**

JOINT FLEET CATEGORY MANAGEMENT & PROCUREMENT PLAN

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 A fleet category management plan has been developed in order to help determine a future procurement strategy for vehicles, plant and associated equipment.
- Development of a joint NLC/NELC category plan has been undertaken with input from key stakeholders across both councils.
 - Analysis of fleet strategy objectives, future needs and market engagement have informed the development of the category plan.
 - A procurement strategy for the future acquisition of fleet vehicles is proposed as a key output from the category planning work.
 - Contracts Procedure Rules detail that the procurement plans for requirements with a whole life value in excess of £1m must be approved by the relevant cabinet member.

2. BACKGROUND INFORMATION

- 2.1 North and North East Lincolnshire Councils have jointly developed a category management plan for their fleet purchasing requirements in line with the council's new category management strategy. Category plans are essential tools for developing an informed, commercially robust and strategic approach to purchasing high spend commodity requirements.
- 2.2 The fleet category plan has been developed with the intention of identifying and managing more effectively fleet spend across both organisations to drive greater purchasing efficiencies, evidence value for money and streamline the procurement process both for the council and prospective suppliers. This is set against broader objectives to standardise fleet where possible, reduce the cost of ownership (ease of maintenance, spares, consumables) and ensure the whole fleet is robust and fit for purpose.
- 2.3 In developing the category plan a detailed review has been carried out to determine for both councils anticipated future vehicle requirements both in terms of types and vehicle and volumes of purchase. Analysis of available and projected capital budgets, specific operational requirements impacting on purchasing decisions and grouping exercises have been carried out to determine logical and appropriate clusters of vehicles which could point to opportunities for efficiencies or leverage in the market.

2.4 As described above evidence and intelligence from the market matched with internal stakeholder input has been critical in developing and agreeing a future purchasing strategy which provides the best 'line of fit' across the whole range of fleet requirements. The proposed procurement strategy has been developed based on up to date evidence gained directly from the market specifically for the purposes of testing, revising, informing and validating a range of alternative procurement options and assumptions.

3. **OPTIONS FOR CONSIDERATION**

3.1 As part of the category plan development process a range of options and alternatives have been considered and worked through. These have been challenged and validated through evidence gained from the primary sources of fleet managers, budget allocations, predicted volumes and engagement and feedback from the market.

3.2 The following procurement strategy is proposed:

- Establish an EU compliant joint NLC/NELC supplier framework agreement for the purchase of Refuse Collection/Recycling vehicles. This is to be lotted to allow specific requirements for each council to be accommodated.
- Utilise regional frameworks established by the Yorkshire Purchasing Organisation for purchase of vehicles in the following categories:
 - large vehicles
 - cars and light commercial vehicles
 - grounds maintenance and plant.
- Spot purchasing option retained for particular 'one-offs' or niche vehicle requirements where this provides the most efficient solution.

3.3 In determining the most effective future purchasing strategy further commitment to provide robust challenge with client teams on vehicle specifications is acknowledged as a key area of influence. Keeping the number of vehicle modifications to a minimum is vital in promoting standardisation of the fleet and reducing whole life costs. The supplier base in the identified frameworks is diverse and competitive which gives assurance on value for money, our ability to contract direct with suppliers also provides a more efficient after sales support offer. However in order to gain greater efficiencies from the purchasing strategy specific actions should include:

- Continued promotion of more generic and less prescriptive specifications which provide a wider scope for compliant vehicles placing more emphasis on value for money.
- Revisiting and challenging the requirements of previous specifications with client teams for repeat purchases.
- Reducing non-standard vehicles and keeping modifications to a minimum.

4. ANALYSIS OF OPTIONS

4.1 Procurement options have been analysed as part of the category planning process.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

As detailed above, options for achieving whole-life value for money and cashable savings through procurement have been explored as part of the category planning process.

YPO have improved the terms of their framework offer as a result of negotiations arising from the category management process.

5.2 Staffing

None

5.3 Property & IT

None

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An IIA is not required.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 The soft market testing exercise was critical in accessing market opinion and feedback to test initial purchase options developed in response to the available data and findings. Key new market intelligence was provided by a range of distributors and manufacturers, which significantly influenced thinking and challenged emerging strategies in arriving at the final preferred solutions.

7.2 Fleet managers have been consulted throughout the process and support the recommended procurement strategies.

8. RECOMMENDATIONS

8.1 That the findings from the category planning exercise for fleet are noted; and

8.2 That the purchasing strategies as detailed in paragraphs 3.2 and 3.3 are approved.

**DIRECTOR OF POLICY & RESOURCES
AND
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Date: 2 December 2014

Background Papers used in the preparation of this report: None