

To: Delegated Decisions of the Board Member, Finance and Efficiency

Date: 4th November 2011

Item No:

Report of: Head of Business Improvement

Title of Report: Award of Contract for the Supply and Fitting of Tyres to the Council's Vehicle Fleet.

Summary and Recommendations

Purpose of report: To award a contract for the the supply, fitting and management of vehicle tyres to the Council's fleet to Bandvulc Group PLC.

Key decision? No

Executive lead member: Councillor Ed Turner

Policy Framework: An efficient and effective Council

Recommendation(s):

- 1) Award a new contract to Bandvulc Group PLC for three years commencing on 1st November 2011, with the option to extend for up to two further years.**

1. Summary

- 1.1 This report sets out the procurement route undertaken to put in place a new contract for vehicle tyres.

2. Background

- 2.2 Oxford City Council currently has a contract with Tyrebyte a local vehicle tyre fitting company. This contract will cease at the end of October. Cherwell District Council Procurement Team (a member of the Oxfordshire Procurement Hub) has re-tendered this contract on behalf of both Councils.
- 2.3 The Council currently spends approximately £89,000 a year on tyres. Most tyre replacements are for the refuse vehicles.

3. Tender Process

- 3.1 Due to the value of the contract an OJEU compliant tender process has been undertaken. The tender was advertised widely via the South East Business Portal and managed through a restricted tender process.
- 3.2 The tender evaluation panel consisted of representatives from Cherwell District Council, the Oxford City Council Fleet and Maintenance Manager plus a Maintenance Officer. Financial assessments and pricing has been evaluated by the Cherwell District Council Finance Team.
- 3.3 As a result of the advertisement five expressions of interest were received and evaluated. Three bidders were invited to submit tenders and two tenders were received and evaluated.
- 3.4 One tender was unable to supply all of our requirements and meet the KPIs set out in the tender. The tender from Bandvulc Group PLC met both Council's requirements and provided a solution that still enabled a local supply solution as well as delivering savings throughout the life of the contract.
- 3.5 Bandvulc Group PLC also provided evidence in their tender submission as to how they have helped other Councils reduce their bottom line on tyre expenditure. Bandvulc currently provides 90% of the tyre management services for Specialist Fleet Services who run fleets for a large percentage of Councils across the country.
- 3.6 The proposed contractual arrangement will be that each Council will enter into a contract with Bandvulc Group PLC who will manage the overall contract and supply the tyres. Tyrerite will continue to be the delivery agent and will carry out the inspections and fitting of the tyres.

4. Savings

- 4.1 The proposed contractor proposes working with the Council to reduce the bottom line expenditure on tyres on a year on year basis in spite of the continued increase in tyre prices. The mechanism for doing this is being agreed and will be a contractual requirement. Bandvulc PLC has advised that they will achieve a saving of 5% on our current spend of £89,000 in 2011/12. This will be set as a performance target within the contract and will be monitored by the Fleet and Maintenance Manager.

5. Other Options

- 5.1 The Constitution and Procurement, Commissioning and Supplier Management Strategy advises that the Single Member Decision Process considers what other options are available before giving major project approval and awarding a contract over £100K. The options are detailed below.

5.2 Continue as we are

The current supply, fitting and management of tyres contract is due to expire in October 2011. To remain compliant and ensure best practice in providing value for money, the Council is obliged to make provision for a replacement contract.

5.3 Use a compliant framework, set up by another organisation

There is no suitable framework contract that meets the needs of Oxford City and Cherwell District Council.

6. **Benefits of this Contract**

6.1 Bandvulc Group PLC is the largest tyre management provider to the tyre industry and while they maintain their own tyre fitters in some parts of the country they largely work with a network of some 600 partners, such as our own current tyre fitting provider, Tyerite. Bandvulc will be contractually committed to providing this service through a local company.

6.2 This contract will achieve a 5% financial saving on current pricing in 2011/12. In addition to the value for money savings Bandvulc will offer added value aspects, such as:

- The latest online technology, including bespoke reporting solutions which can link directly into our fleet management system and save the Transport Manager substantial keying in time.
- Provision of workshops and accompanying literature for training both vehicle workshop staff and drivers to get more out of the tyres and reduce unnecessary damage – Bandvulc has successfully done this for clients such as Tesco and for a host of local authorities across the country.
- The resilience of a national network – our current provider is a small operation working out of Oxford and in a climate where a large number of businesses have become insolvent; Bandvulc provides resilience with one standby company and a wider network upon which they can call at any time.
- Average response time of 68 minutes – this the true overall national average including remote sites – and in reality the response time will be closer to 30 minutes for most emergency callouts within the district.

These added value services will provide efficiency savings for the Motor Transport team.

7. Financial Implications

- 7.1 The prices provided per tyre by the current contractor, Tyretyte, have been fixed for the last three years and if this contract had been extended the prices would be increased in September.
- 7.2 The current provider has been artificially keeping the tyre prices lower by selling on worn down casing for new tyres rather than returning them to the manufacturer. The Transport Manager is aware that even though the cost per tyre has remained low the management of the tyres themselves has not been to the standard that would ensure the maximum life is achieved for each tyre fitted.
- 7.3 The price of rubber has increased by 127.5% since January 2008. The greatest percentage of expenditure on tyres is on the refuse fleet. We currently pay £141.75 and £242.55 per tyre for rear and front tyres. The cost of the rubber content has increased from £28.80 per rear tyre to £65.52.
- 7.4 Bandvulc will commit to reducing the bottom line expenditure on tyres on a year on year basis in spite of the continued increase in tyre prices.

8. Legal Implications

- 8.1 There are no legal implications.

9. Risk Management

9.1

Risk	Likelihood	Mitigation
The local tyre fitter goes into administration	M	Bandvulc have a network of local tyre fitters and will be able to provide resilience should this happen.
The price of rubber significantly increases	H	Provision for this will be built into the contract with the supplier.

10. Climate Change/Environmental Impact

- 10.1 Bandvulc has Impressive sustainability credentials:
- Rubber waste from scrap casings and buffing dust is recycled to manufacture plastic products and playground matting – 0% to landfill;

- Winner of the 2009 Motor Transport Low Carbon and Efficiency Award;
- Voted one of the UK's top 60 environmental companies by The Sunday Times in 2009;
- Can provide full annual Environmental Reports indicating the rubber, oil and CO2 savings made by our fleet.

11. Equalities Impact

- 11.1 Tyretyte, who will be supplying services to the Council through Bundvulc, have confirmed that all their staff are paid in excess of the Council's Living Wage.

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List of background papers:

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