

Public

Neath Port Talbot County Borough Council
Cyngor Bwrdeistref Sirol Castell-nedd

Democratic Services
Gwasanaethau Democrataidd

Chief Executive: Steven Phillips

Date: 13 February, 2017

Dear Member

**ENVIRONMENT AND HIGHWAYS CABINET BOARD - THURSDAY, 16TH
FEBRUARY, 2017**

Please find attached the following urgent item for consideration at the next meeting of the **Environment and Highways Cabinet Board - Thursday, 16th February, 2017.**

Item

26. **Urgent Report of the Head of Engineering and Transport -
National Procurement Service Supply of Vehicle Spare Parts
Framework (Pages 1 - 8)**

Yours sincerely

T.Davies

P.P. Chief Executive

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Environment and Highways Cabinet Board

16 February 2017

Urgent Report of the Head of Engineering & Transport

D. W. Griffiths

Matter for Decision

Wards Affected: All

National Procurement Service Supply of Vehicle Spare Parts Framework (Ref No. NPS-FT-0047-15)

Purpose of Report

1. To seek approval to use the National Procurement Service for Wales (NPS) Vehicle Spare Parts Framework for the purchase of vehicle spare parts.

Executive Summary

2. Currently there is no framework in place for Fleet to purchase vehicle and plant spare parts. The National Procurement Service for Wales has developed a Vehicle Spare Parts Framework that will enable all public sector organisations, NHS, Police, Fire Service and other public bodies to use and be compliant.
3. If agreed, the Fleet Section will procure parts for vehicles and plant via the awarded supplier; Fleetwheel Ltd ("Fleetwheel"), for the term of the contract.

Background

4. In previous years, Neath and Port Talbot CBC's Fleet Section has actively participated in previous attempts to formulate a Parts Framework with other South Wales Authorities through the Welsh Procurement Consortium (WPC), to which, there has been no success. With the introduction of the NPS, it was a priority this Framework was formed due to the amount of spend across the sector in Wales. The Category Manager had previous experience

setting up a fully working parts Framework in North Wales. The North Wales arrangement has been running for four years with very good results.

5. A Delivery Group was set up with Fleet Managers and NPS to approach the market to cover the whole of Wales. Wales was split into four geographical zones. Neath Port Talbot County Borough Council is in the South W Zone 2, which gives a £2.5 million aggregated spend on parts across all Authorities and public sector bodies within our area.

How to use the Framework

Orders

6. Ordering parts will not change as Officers will still raise order numbers to place with any supplier. Sub-suppliers have to commit parts pricing to Fleetwheel, who in turn will negotiate savings on our behalf or source the same parts from alternative suppliers at less cost to what we are currently paying.

Invoicing

7. This will change dramatically, as we will be receiving consolidated invoices from the Framework supplier. We currently process around 60 invoices for parts per day. This will be reduced to one per week. This will improve efficiencies and productivity.

Changes in Process

8. Changes will have to be made in the process but having met with Finance, IT and Payments this can be done by reducing some coding and uploading the invoices electronically. Once this is done, Office staff will manually check off a spreadsheet that all transactions are correct before authorising payments. Staff currently have to stamp, code and enter onto our internal system and batch before sending for payment.

Benefits

9. There are financial, social and environmental benefits identified by the NPS in this Framework.

Social and Economic Benefits

10. It is recognised that a number of social and economic benefits will be delivered through this Framework such as:-

Community Benefits

Use of Welsh workers through local supply chain opportunities.
Potential for local suppliers to gain work from other Public Bodies.

Environmental Benefits

There is the potential for consolidated/optimised delivery within geographical zones reducing the emissions derived from current logistics.

Financial Impact

11. A price comparison test was carried out for a random parts basket of 55 items we currently purchase against the North Wales Procurement Partnership (NWPP) Framework supplier prices. (Appendix A). This produced significant savings by their supplier who has been supplying parts through this Framework for the last four years.
12. A conservative saving of 8% has been used by the NPS as a forecast for the first year based on historical year on year savings achieved via the NWPP framework data. For future years, price increases will be benchmarked against general market increases to calculate any cost avoidance.
13. It is expected that the Welsh Public Sector organisations in South Wales would achieve higher savings due to the absence of any formal arrangements in the past, coupled with the fact that all organisations' requirements will now be aggregated enabling the potential of standardisation with a greater combined spend on parts.
14. There will be a charge from the supplier on parts purchased through their managed service of 10% attached to each part. However, the parts we buy will still be cheaper due to agreed pricing and buying power. This 10% is incorporated in Appendix A by the NWPP supplier.

Equality Impact Assessment

15. A Screening Assessment has been undertaken to assist the Council in discharging its public sector duty under the Equality Act 2010. After completing the assessment, it has been determined that this function requires a full Equality Impact Assessment.

Workforce Impact

16. This has a positive impact on staff as they will receive a better quality service resulting from this Framework and greater options on parts delivery to limit frontline service downtime.
17. There will be a slight reduction in workload within the Fleet Office due to consolidating invoices by the supplier. We currently process around 60 parts invoices a day and batch for payment.

Legal Impact

18. The Authority will be utilising a compliant framework by the National Procurement Service for the purposes of entering into this arrangement. The NPS Framework allows for local authorities to make a direct award to the highest ranked supplier, which in this case is Fleetwheel. The Council will be required to enter into a call-off agreement with Fleetwheel to govern the relationship between the Authority and Fleetwheel for the duration of the arrangement.

Risk Management

19. The Fleet Manager will attend quarterly meetings to measure performance of the supplier against agreed KPI's.

Consultation

20. There is no requirement under the Constitution for external consultation on this item.

Recommendation

21. It is recommended that Members approve the above proposal to use the National Procurement Service Framework and authorise

the Head of Engineering and Transport to make a direct award to the highest ranked supplier (Fleetwheel Limited) for a period of two years from the 1st April 2017, with an option to extend for a further two years, in multiples not exceeding 12 months (in line with NPS framework terms).

Reason for Proposed Decisions

22. To enable the Fleet Section to purchase both manufacturer and non-manufacturer parts using an approved framework so we are compliant in parts purchasing.
23. Access potential financial savings on vehicle and plant parts whilst getting a better, more efficient service from suppliers who can access parts data across the whole of South Wales.
24. Due to the previous NWPP framework proving a success having run for four years, the setup of this framework is very similar.
25. Potential opportunities for local suppliers to supply more parts.
26. The quality of parts we will purchase will be the same standard as we currently use or higher. We will still access manufacturer parts if needed, however in our experience, a better quality cheaper part can be purchased from a motor factor in certain cases. Only if we challenge the manufacturer supplier they will lower prices, this will be done via the framework supplier on our behalf and result in less work ringing different suppliers.

Implementation of Decision

27. The decision is proposed for implementation after the three-day call-in period.

Appendices

28. Appendix A: Copy of parts basket pricing

List of Background Papers

29. NPS Framework Details

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Appendix A

Neath & Port Talbot County Borough Council				
Bin no.	Part no.	Current price	Contract price NWPP	Savings
	lp1469	£22.21	£18.44	£3.77
	lp2190	£39.99	£29.98	10.01
F44	1465168	£28.37	£21.18	7.19
F44	JCP4749 / LP1583	£14.55	£11.74	2.81
F54	FMFSL1929	£26.93	£18.69	8.24
F54A	BG4007	£51.02	£33.15	17.87
F51A	LP1958	£22.61	£17.22	5.39
F52A	LP2036	£29.76	£22.14	7.62
CIT23	LW30059	£7.88	£4.72	3.16
F55A	FOR118 / BG4008	£22.90	£15.39	7.51
F55B	NWK259	£43.68	£48.92	-5.24
	S4010 BATTERY	£77.92	£46.00	31.92
	A2977 ALTERNATOR	£125.00	£119.85	5.15
LAM69	KLTF0670 - LED FOG/REV LAMP	£161.00	£121.00	40
	TC378 O/S BOTTOM ARM	£30.00	£24.43	5.57
SK318	J320/04133 OIL FILTER	£8.82	£7.07	1.75
SK316	J32/925346 FILTER	£71.54	£32.51	39.03
SK321	J32/925682 AIR FILTER	£40.82	£25.93	14.89
SK320	J320/07394 FUEL FILTER	£37.55	£11.72	25.83
SK99	WAB4324100202- AIR D FILTER	£11.00	£10.35	0.65
MAR2	TTC20161 M/BOARD 565 X 130 MM	£8.99	£5.37	3.62
DES1	1012000 - LED LAMP (REAR)	£147.27	£40.00	107.27
DE44	GEARBOX FILTER KIT 614432-1	£54.66	£35.94	18.72
DE52	DEFK18C - VOLVO FILTER KIT	£255.30	£74.58	180.72
DAF1	1436901 - FRONT & REAR PADS	£91.18	£31.09	60.09
DAF2	1399494 - OIL FILTER	£11.14	£7.62	3.52
DAF3	1679397 - AIR FILTER	£40.83	£43.48	-2.65
DAF4	1391510 - AIR DRYER FILTER	£27.12	£9.66	17.46
DAF5	1829166 - FUEL FILTER	£11.75	£8.51	3.24
DAF6	1686587 - AD BLUE FILTER	£13.73	£7.33	6.4
DAF7	1950785 - POLLEN FILTER	£9.43	£9.09	0.34
DAF8	1814637 - PRE FILTER	£15.12	£18.11	-2.99
DAF9	1781227 - N/S MIRROR HEAD	£71.66	£24.29	47.37
DAF10	1781228 - O/S MIRROR HEAD	£71.66	£24.29	47.37
DAF11	1736879 - N/S MIRROR GLASS	£56.35	£15.94	40.41
DAF12	1736865 - O/S MIRROR GLASS	£56.35	£15.94	40.41
DAF13	1736883 - N/S & O/S CASING	£9.83	£7.59	2.24
DAF14	1781224 - N/S MAIN MIRROR	£160.47	£37.95	122.52
DAF15	1781225 - O/S MAIN MIRROR	£163.59	£37.95	125.64
DAF16	1737933 - N/S & O/S MAIN GLASS	£49.20	£16.70	32.5
DAF17	1736884 - N/S & O/S CASING	£9.83	£6.07	3.76
DAF18	9510194 - DRAGLINK (MERC)	£72.71	£56.83	15.88

DAF19	1619942 - HYD OIL FILTER	£50.00	£35.94	14.06
IVS107	I0007189456 - (R) BRAKE DISCS	£172.55	£89.70	82.85
IVS108	I0041221280 - ABS SENSOR	£69.14	£57.68	11.46
IVS101	I0042559199 - N/S/F CALIPER	273.06	324.5	-51.44
IVS102	I0042559204 - O/S/R CALIPER	529.47	448	81.47
IVS103	I0042534117 - N/S/R CALIPER	305.26	269.1	36.16
IVS104	I0042534118 - O/S/R CALIPER	273.36	269.1	4.26
IVS105	I0042559203 - N/S/R CALIPER	569.29	448	121.29
IVS106	I0042534116 - O/S/F CALIPER	337.35	227.7	109.65
IVS110	I0042534115 - N/S/F CALIPER	170	227.7	-57.7
IVS112	I045559200 - O/S/F CALIPER	323.31	324.5	-1.19
	TOTALS	£5,354.51	£3,896.68	£1,457.83