



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Neath Port Talbot Council

Streetscene and Engineering Cabinet Board

28 January 2022

Report of the Head of Engineering & Transport

D. W. Griffiths

Matter for Decision

Wards Affected: All

Welsh Government Commercial Delivery Service Framework Agreement of Vehicle Spare Parts, Workshop Consumables Framework (Ref No. NPS-FT-0108-21)

1 Purpose of Report

- 1.1 To seek Members approval to put a formal contract in place ensuring continuation of supply of vehicle spare parts, workshop consumables and associated stores management services (“Supply”) to Neath Port Talbot County Borough Council (“the Council”) for a period of up to 24 months with an option to extend for a further two years, in multiples not exceeding 12 months (“Term”).

2 Executive Summary

- 2.1 Fleet has previously used the NPS-FT-0047-15 to purchase vehicle and plant spare parts. The Welsh Government Commercial Delivery Service (previously known as National Procurement Service (NPS)) has developed a new Vehicle Spare Parts Framework that will enable all public sector organisations including Local Government to utilise whilst remaining compliant with The

Public Contracts Regulations 2015 as the previous framework has expired.

2.2 The report seeks authorisation to continue with the current arrangement for the Supply as per the new Welsh Government Commercial Delivery Service framework.

2.3 If agreed, the Fleet Section will procure parts for the Supply via the framework which comprises of the following regional lots (see Appendix A) where a single supplier is awarded to each lot of the framework agreement shown below:

Lot	Region	SUPPLIER
1	North Wales	Truckparts (North Wales)
2	South West Wales	Fleetwheel Ltd.
3	South East Wales	Fleetwheel Ltd.
4	All Wales	Digraph

2.4 The Council has been allocated against lot 2 of the framework of which there is a single supplier (Fleetwheel Ltd.).

2.5 A direct award can be made to call-off from lot 2 or All-Wales depending on the nature of the fleet operation. A contract will be formed by making a direct award to the relevant supplier.

3 Background

3.1 In previous years, the Council's Fleet Section has used the NPS spare parts framework. Over the past 4 years it is found that the framework created many benefits such as;

- Cost savings
- One point of contact when ordering parts
- Less downtime
- Value for Money
- Regular deliveries
- Security of supply throughout Brexit, Covid and the general shortages in vehicle and plant spares worldwide.

3.2 A Delivery Group was set up with Fleet Managers and the Commercial Delivery Service to approach the market covering the whole of Wales. Wales was split into four geographical zones. The

Council is in the South West Zone (Lot 2), which gives a £2.5 million aggregated spend on parts across all Authorities and public sector bodies within our area.

- 3.3 The table below sets out details of the previous, current and proposed arrangements for the Supply together with the estimated expenditure for the contract term for the supplier Fleetwheel Ltd:

Previous Agreement				
Framework Ref	Start Date	Expiry Date	Extension Applied	Actual Expiry Date
NPS-FT-0047-15	13 th Mar 2017	31 st Mar 2019	Yes	31 st Mar 2021
New Agreement				
Framework Ref	Start Date	Expiry Date	Notes	
NPS-FT-0108-21	1 st Dec 2021	30 th Nov 2025	Option to end the agreement after end of years 2 and 3	
Proposed Agreement				
Framework Ref	Start Date	Expiry Date	Option to Extend	Proposed Estimated Value of Spend ¹
NPS-FT-0108-21	1 st Jan 2022	31 st Dec 2023	Yes 2 x 12 months period	£955,248.34

4 Reason for Proposed Decisions:

- 4.1 The continuity for the Supply, enabling Fleet Section to compliantly purchase both manufacturer and non-manufacturer vehicle spare parts using an approved framework.
- 4.2 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.

¹ Estimation is based on a four year period 2017-2021 spend data for Neath Port Talbot Council.

- 4.3 Due to the previous NPS framework proving a success having run for four years, the arrangement of this framework is of a similar nature.
- 4.4 Potential opportunities for local suppliers to supply more parts.
- 4.5 The quality of parts the Council purchase will be the same standard currently used or higher. The Council will continue to access manufacturer parts if required by the business, however, a better quality lower cost part can usually be purchased from a motor factor in most cases.
- 4.6 The Council will challenge the manufacturer supplier to lower prices and negotiation is performed via the framework supplier on behalf of the Council, eliminating back office functions such as contacting various suppliers and administration.
- 4.7 Security of supply and prioritisation in the event of major disruption such as Covid, Brexit and demand.

5 Using the Framework

- 5.1 **Orders:** Purchasing of parts remains unchanged. Purchase orders will be raised with directly with Fleetwheel Ltd. Sub-suppliers have to commit parts pricing to Fleetwheel Ltd., 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.
- 5.2 **Invoicing:** Remains unchanged. The implementation of consolidated invoicing from previous framework has greatly improved office efficiency.

6 Social and Economic Benefits

- 6.1 It is recognised that a number of social and economic benefits will be delivered through this Framework such as:-
 - 6.1.1 **Community Benefits:** Use of Welsh workers through local supply chain opportunities. Potential for local suppliers to gain work from other Public Bodies.

- 6.1.2 **Environmental Benefits:** There is the potential for consolidated / optimised delivery within geographical zones reducing the emissions derived from current logistics.
- 6.1.3 **Economic Benefits:** Fleetwheel Ltd. procure goods in bulk for the whole zone and the discounts achieved are far greater than would be available to the Council, these savings are in turn passed onto the Council.

7 Financial Impact:

- 7.1 From the information set out in paragraph 3.3, the estimated cost of the purchase of the Supply from the Supplier for a period based on 24 months including maximum extension is: £955,248.34. This figure is an estimate based on 2017 to 2021 spend data.
- 7.2 An original price comparison test was carried out in 2017 for a random parts basket of 55 items which the Council currently purchase against the North Wales Procurement Partnership (NWPP) Framework supplier prices. This produced significant savings by their supplier. A similar exercise will be conducted across the zone on the new price structure supplied to the Commercial Delivery Service.
- 7.3 Fleet services and all sections saw significant savings on vehicle spare parts from the previous framework. The stores also changed over to using cheaper parts without compromising on quality as the market opened up. The Council used manufacturer approved parts and in one case saved £600 on one suspension spring which was manufactured in the same factory as the dealer part. For future years, price increases will be benchmarked against general market increases to calculate any cost avoidance and value for money.
- 7.4 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.
- 7.5 There will be a charge from the supplier on parts purchased shown below:

Section	Group	Comment
1	Core basket of parts	Pricing is fixed for OEM & Aftermarket/Non OE Parts ²
2	A (Non-core aftermarket parts/Non OE)	30% Mark-up
3	B (Non-core OEM parts)	8% Mark-up

7.6 The parts purchased by the Council remains lower due to agreed pricing and buying power of the Welsh Government Commercial Delivery service as opposed to non-collaborative agreement.

8 Integrated Impact Assessment:

8.1 A first stage Impact Assessment has been undertaken to assist the Council in discharging its legislative duties under the Equality Act 2010, the Welsh Language Standards (No 1) Regulation 2015, the Well-being and Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016

9 Valleys Communities Impacts:

9.1 No Impacts

10 Workforce Impact:

10.1 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.

10.2 There will be a slight reduction in workload and back office functions within the Fleet Office due to consolidating invoices by the supplier. The Council currently process around 60 parts invoices a day and batch for payment.

11 Legal Impact:

² See appendix B pricing schedule

11.1 The Council will be utilising a compliant framework let by the Welsh Government Commercial Delivery Service for the purpose of entering into this arrangement. The Framework allows for local authorities to make a direct award to the single supplier awarded in Lot 2 which in this case is Fleetwheel Ltd. The Council will be required to enter into a call-off agreement with Fleetwheel Ltd. to govern the relationship between the Council and Fleetwheel Ltd. for the duration of the arrangement.

11.2 Given the estimated cost of the purchase of the Supply for the proposed period is above threshold (£955,248.34), consideration has been given to the requirements of the Public Contract Regulations 2015. However, a single supplier has been awarded for each lot, negating the requirement to run further competitions.

12 Risk Management Impacts:

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

13 Consultation:

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

14 Recommendation:

14.1 Having due regard to the integrated impact screening assessment it is recommended that Members approve the use of the new Welsh Government Commercial Delivery Service Framework and authorise the Head of Engineering and Transport to make a direct award to the single supplier in Lot 2 (Fleetwheel Limited) for a period of two years from the 1st January 2022, with an option to extend for a further two years, in multiples not exceeding 12 months (in line with Commercial Delivery framework terms).

15 Implementation of Decision:

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

16 Appendices:

16.1 Appendix A – Framework Guidance Document



1. WG - FT - Vehicle
Spare - Customer Gui

16.2 Appendix B – Pricing Schedule



3. FT -108 - Vehicle
Spares User Guidance

17 List of Background Papers:

17.1 Welsh Government Commercial Delivery Framework Documents

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