

**Open Report on behalf of Andy Gutherson, Executive Director - Place**

Report to:	<b>Councillor R G Davies, Executive Councillor for Highways, Transport and IT</b>
Date:	<b>Between 14 December 2020 and 18 December 2020</b>
Subject:	<b>Approval to Award a Contract for the Supply of Winter Maintenance Vehicles</b>
Decision Reference:	<b>I021297</b>
Key decision?	<b>Yes</b>

**Summary:**

The report sets out the activity undertaken by the Council to secure the replacement of 41 winter maintenance vehicles (WMVs or Gritters) from the Council's fleet of gritters over the next five years.

This is to ensure the Council is able meets its ongoing statutory duty under Section 41(1A) of the Highways Act 1980 to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice.

**Recommendation(s):**

That the Executive Councillor for Highways, Transport and IT approves the award of a contract for the supply by way of purchase of 41 Winter Maintenance Vehicles to Aebi Schmidt UK (Bid 1).

**Alternatives Considered:**

1. To maintain the current lease arrangement.  
  
 This would ensure that the Council was able to fulfil its legal obligations but at a considerably greater cost than would be the case if the proposed contract is awarded (please see Resource comments for further details).  
  
 Moving to an outright purchase model provides the Council with complete control over the maintenance of the vehicles. This allows the Council to maintain vehicles to a very high standard, and to more directly influence the mechanical condition of the vehicle as it approaches the end of its life, with the opportunity that the Council might extend the working lives of the vehicles from the current ten years, to twelve years or possibly more.

2	<p>No consideration has been given to not procuring vehicles at all as this would not enable the Council to fulfil its statutory duty.</p> <p>Award to a different supplier</p> <p>The recommendation is to award the contract to the supplier that has submitted the most economically advantageous tender in accordance with the procurement process and the Council's chosen evaluation criteria. Award to any other tenderer would create a significant risk of successful procurement challenge.</p>
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**Reasons for Recommendation:**

The Council has now concluded evaluations of tenders received for the supply of gritters and the winning tenderer, based on the Council's chosen award criteria, is: Aebi Schmidt UK. Approval is now sought for permission to award a contract to Aebi Schmidt UK.

This is the supplier whose tender scored the highest, and which provides the Most Economically Advantageous Tender (MEAT) against the Council's chosen award criteria.

The winning tenderer demonstrated its quality through a series of method statement responses designed to test its approach in relation to compliance to the Council's technical specifications, delivery timescales and contingencies, environmental impact; and the availability of spare parts and the ongoing provision of technical support.

**1. Background**

**1.1 Context**

The Council has statutory duty under Section 41(1A) of the Highways Act 1980 to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice.

The Council fulfils this duty by carrying out precautionary salting of 1,900 miles of carriageway network during times of inclement, winter weather.

On average the County salts the network 85 times in a winter season. Any failure to maintain this network during the winter season could lead to legal action and significant disruption to schools and businesses across the County.

To ensure it has sufficient resources for its winter service operations the Council currently operates, as a minimum:

- 47 gritters equipped with removable ploughs (consisting of 43 front-line gritters and four spare vehicles to cover breakdowns);

- eight operational centres where gritters and salt supplies are based; and
- a minimum of 25,000 tonnes of salt in stock at the start of the winter maintenance season.

41 of the Council's current fleet of 47 gritters were purchased under lease agreements with a term of ten years; six of the vehicles were purchased outright, within the last two years, following expiry of their lease arrangements. The next set of leases due to expire does so at the end of April 2021. When the vehicles reach ten years of age, they must be returned to the lease company.

Being leased, the Council has very little control over the level of maintenance the vehicles receive over their life, and one benefit of moving to this purchase/maintenance provision from the current lease agreement is that this provides the Council with complete control over the maintenance of the vehicles. This allows the Council to maintain vehicles to a very high standard, and to more directly influence the mechanical condition of the vehicle as it approaches the end of its life, with the opportunity that the Council might extend the working lives of the vehicles from the current ten years, to twelve years or possibly more.

As a result the Council has undertaken a procurement process with a view to a contract for the purchase of 41 winter maintenance vehicles with ploughs. This is dealt with in more detail in the remainder of this report.

In addition, vehicle maintenance is being explored for the entire County Council fleet, including gritters in a separate exercise following feedback from a market engagement exercise with a County-wide maintenance provision, for all vehicle types, likely to provide economies of scale and better value for money. To mitigate against any ongoing maintenance risks to the gritter fleet, whilst a corporate fleet maintenance contract is procured, the gritter contract has mandated the requirement for an extended warranty period to be included as part of the supply of the vehicles.

## **1.2 Procurement Process and Result**

A procurement exercise was undertaken utilising the Yorkshire Purchasing Organisation framework. The framework is nationally recognised and contained the leading organisations in this field. The framework allowed for the Council to establish its own award criteria and weightings enabling us to place most significance on the areas important to the Council. Use of the framework ensured that the Council was compliant with its procurement law obligations and the requirements of its own Contract Regulations for a contract of this value.

The 20 eligible providers on the framework were invited to submit proposals with responses received from seven bidders prior to the deadline. Bidders were each allowed to submit up to three separate bids each, allowing them to partner with a range of different manufacturers and present alternative makes and models to best meet the Council's requirements. In total eleven submissions were received.

Tenders were evaluated on a 60% price, 40% quality split as detailed further below:

**Prices and Costs 60%**

Vehicle price and salt adaptation	55%
Spare parts basket	5%

The price aspect was based on the total purchase price of each vehicle type (55%) for the first year of supply as well as a sample basket of spare part pricing (5%). These initial prices will then be subject to an inflation mechanism based on open book principles. The successful contractor will be required to provide evidence in relation to rises in relevant indices, cost of parts and any other relevant measures to justify any request for an increase in the price paid of any vehicles, which will be mutually agreed by both parties. A provision was also included so that this inflation mechanism approach can also be utilised as part of the order for the initial vehicles dependent on the result of Brexit negotiations. This was to ensure providers could bid with cost certainty rather than trying to factor in the impact of an unknown outcome.

**Quality 40%**

Specification	12%
Delivery contingency	7%
Environmental impact	3%
Supply of Spare Parts	9%
Technical support for the whole vehicle	9%

A range of quality factors were assessed. These included: an explanation of how the vehicle configurations selected by the bidders were suited to the rural environment of Lincolnshire whilst also demonstrating the whole life cost of the vehicle. Achievement of the delivery timescales was tested due to the long lead times associated with the production of these types of vehicles, with contingencies being particularly important to explore in the event that factors such as Brexit or Covid-19 causing any additional delays in the production and shipping of the vehicles. Ongoing technical support and the provision of parts were other key aspects tested to ensure the vehicles provided will be maintained and in service for as long as possible.

The winning tenderer received a combined score of 84.22% for price and quality, ranking third for Price and first for Quality. The purchase price of the 41 vehicles will be £4,718,767 although, as noted elsewhere this may be subject to good faith negotiations dependent on the conclusion of the Brexit negotiations.

The overall score and ranking for the tenderers was as follows:

<b>Tenderer</b>	<b>Score</b>
Aebi Schmidt (Bid 1)	84.22%
Aebi Schmidt – (Bid 2)	80.28%
Bidder B – (Bid 1)	78.58%
Aebi Schmidt – (Bid 3)	77.03%

<b>Tenderer</b>	<b>Score</b>
Bidder B – (Bid 2)	72.04%
Bidder C	71.32%
Bidder B – (Bid 3)	68.11%
Bidder D	65.29%
Bidder E	60.51%
Bidder F	59.87%
Bidder G	50.80%

The winning tenderer, whose winning bid utilised Iveco for the supply of the chassis', provided a competitively priced submission, whilst providing satisfactory assurance on the quality of the vehicles supplied. They also provided reassurance through the level of ongoing support they will provide to the Council and its maintenance supplier during the warranty and beyond to ensure the vehicles achieve excellent long term service and reliability.

Based on the result of this tender, the decision to switch from a leasing model to outright ownership will result in an anticipated saving in the region of £13m over the entire capital investment period. This period began in 2018 with the procurement of six vehicles and is anticipated to end 2026/27 when the last of these 41 vehicles have been procured.

## **2. Legal Issues:**

### Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.

- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

A separate Equality Impact Assessment has not been undertaken. However, the procurement permits the Council to undertake precautionary salting of priority parts of the road network. This includes the salting of roads near hospitals, care homes and schools which positively impact on people with protected characteristics such as people with a disability, older people and children.

#### Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

The procurement permits the Council to undertake precautionary salting of priority parts of the road network. This helps to ensure the safety of these parts of the network as well as enabling access for critical services. This includes the salting of roads near hospitals, care homes and schools which positively impact on health and wellbeing.

#### Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The decision is not considered to have any implications for the section 17 matters.

### **3. Conclusion**

The Council has undertaken a procurement exercise to identify a supplier of 41 winter maintenance vehicles to enable the Council to fulfil its obligation to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice.

The Executive Councillor is invited to approve the award of a contract to the supplier who has submitted the most economically advantageous tender as evaluated in accordance with the Council's published methodology.

### **4. Legal Comments:**

The Council has the power to enter into the contract proposed.

The legal considerations affecting the decision including compliance with the Council's obligations under procurement law are dealt with in the report.

The decision is consistent with the Policy Framework and within the remit of the Executive Councillor if it is within the Budget.

### **5. Resource Comments:**

The movement from lease to purchase for winter vehicles was agreed as part of a business case in 2017. The capital programme has been set at £5.508m and runs until the financial year 2026/27. In that timescale the cumulative revenue budget saving will be £13m. The costs identified within the report for the 41 vehicles will be covered by the remaining capital programme.

### **6. Consultation**

#### **a) Has Local Member Been Consulted?**

n/a

#### **b) Has Executive Councillor Been Consulted?**

Yes

#### **c) Scrutiny Comments**

This proposal will be considered by the Highways and Transport Scrutiny Committee at its meeting on 14 December 2020 and the comments of the Committee will be reported to the Executive Councillor.

#### **d) Risks and Impact Analysis**

Lincolnshire County Council has duty under Section 41(1A) of the Highways Act 1980 to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice. To uphold this legal duty the Council, through its Winter Policy, salts 1,900 miles of Lincolnshire's road network. Any incident or claim against the Authority due to not fulfilling this requirement would be serious and could lead to heavy financial repercussions.

There is also an economic element that has to be considered. The County's businesses rely on an open and clear highway network and anything that hinders the movement of traffic can lead to issues for these businesses. Therefore salting of the network allows for the free movement of traffic and the ability of businesses to undergo their daily routines.

The safety of the travelling Lincolnshire public and visitors to the County would be put at risk by not undertaking this task.

Finally there is reputational issue. The Council's reputation would be exposed to media and public comment and confidence in its ability to keep the public safe would be severely affected.

#### **7. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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