



PROCUREMENT

Joint Procurement of Refuse Collection Vehicles

Summary

Can you imagine sending eight people to a car dealership and getting them to agree to purchase exactly the same model for a fleet of cars?

This is essentially what the eight waste collection authorities in Nottinghamshire successfully achieved when they joined forces in 2005 to procure Refuse Collection Vehicles (RCVs).

The eight authorities recognised that the key to delivering the maximum efficiency saving was to develop a single common specification for the RCVs, and initiate a 'single tender process' to deliver additional efficiency savings for their authorities.

Quote

“Partnership working is challenging but this project demonstrates that professional disciplines can come together and breakdown silo thinking. The achievement in completing a ‘single vehicle specification’ and consortium tender for such a complex project must not go unrecognised.”

Dave Parton,
Head of Direct Services
Gedling Borough Council

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Project background

The eight authorities were comfortable in working together for the joint benefit of their authorities, as all were involved in a Technical Officers Group (TOG). Indeed, the authorities had already standardised their refuse collection services and introduced a twin bin alternate weekly collection service countywide, so it was no surprise that they agreed to collaborate on the joint procurement of RCVs.

In September 2005, the TOG set the Transport Managers Group the task of investigating the possibility of jointly procuring RCVs. Timescales were kept deliberately tight to maintain motivation and the transport managers, as requested, reported that there was a real opportunity to jointly procure RCVs.

A report from the TOG, outlining the proposal, was submitted to the Nottinghamshire Chief Executives in January 2006. The Chief Executives unanimously supported the recommendation that a single specification model should be tendered rather than the more commonly used framework model. It was felt that a single specification would provide the best opportunity to maximise savings.

Dedicated project team

With Chief Executives in support a dedicated project team was established utilising resource from each of the partner authorities. The project team comprised of a technical officer as chairman, three transport managers, one financial officer, one legal officer and one procurement officer. Rushcliffe Borough Council agreed to be the lead authority and was responsible for all tendering and contractual matters.

Objectives

The project team was very clear in its objectives, and planned to:

- obtain a financial saving per vehicle below the benchmark price
- procure a single specification chassis, refuse body and bin lifter
- achieve added value by reducing the cost of spares and training
- obtain additional technical support from the supplier
- have a local source of impressed stock
- deliver a standardised, countywide fleet that ultimately allows vehicles to be shared.

The tender process

An OJEU request for expression of interest was placed and 20 companies responded. Tenders were invited in April and a total of 10 valid tenders were returned in June 06.

During April the project team carried out a detailed risk assessment of the project and the information gained was used as part of the subsequent evaluation process. The tender evaluation was carried out by the project team which amongst other things required some manufacturers to provide a vehicle for evaluation and testing.

Evaluation criteria included:

- Price
- whole life costs
- specification
- warranty
- and after sales service.

In September 2006, after much soul searching and many hours work a report was submitted to the Nottinghamshire Chief Executive Group recommending a preferred supplier. The decision was not easy as clearly there were differing views amongst the eight authorities, but it is a credit to all those persons involved in the process that a preferred supplier was identified and a tender was accepted.

Preferred supplier



Pictured signing the contract on behalf of the Consortium are Sandra Egerton for Faun and Glyn Pilkington, Borough Public Protection Officer at Rushcliffe Borough Council.

Also pictured in the back row from left to right are John Burridge, Mertrux Ltd; Bob Truswell, Rushcliffe BC; Bob Yarnall, Rushcliffe BC; Andy Kirk, Newark and Sherwood DC; Chris Savage, Nottingham City; Phil Chance, Mercedes Benz and David White, Ashfield District Council.

Following due evaluation Faun Municipal Vehicles Limited was selected and is now contracted to provide an initial 27 RCV's in 2007/08, with a possible contract extension of up to 2 years. The accepted tender was based on a Mercedes-Benz chassis, Faun body and Terberg bin lifter. The contract was signed in January 2007 and the first vehicles were launched in April 2007.

“It is FAUN's aim to be the Consortium's partner when the contract is reviewed, and hopefully extended, later in the year.”

Andrew Corless
Managing Director,
Faun Municipal Vehicles Limited

Benefits achieved

Probably the most significant benefit from this project is to prove conclusively that Councils can work together to deliver real savings. There have and always will be challenges to overcome, individual officers and their authorities will always have their own preferences and experiences, with this in mind it was never going to be easy to reach an agreement. Those involved should be proud that they were able to put their personal wishes second and support an initiative that will provide benefits for all authorities.

Reviewing the objectives:

- **Financial saving** - in total 27 refuse vehicles will be purchased delivering a real saving of £4,215 per vehicle. This in total is a cashable efficiency saving of approximately £114,000.
- Obtain a **single specification** refuse vehicle – objective achieved
- Obtain **added value by reducing cost of spares and training** – The suppliers have undertaken to provide a technical fitter, operator and training programme - “train the trainer” - at a location central and convenient to all of the partners at no additional cost to the partnership, this additional benefit is estimated to be worth £13,000.

As part of the contract suppliers had to give prices for a wide selection of spare parts, this was evaluated as part of the tender process to ensure competitively priced spares for the vehicles in the future.

- **Obtaining additional technical support** from the supplier – For the duration of the contract, a dedicated service engineer will be available to carry out any work on the Faun equipment, and provide basic diagnosis and minor repairs to the chassis and bin lifts. This additional benefit has an estimated value of £35,000.

- **A local source of impressed stock** - as part of the contract an impressed stock of spares, minimum value £10,000, will be kept at a central location for the benefit of all partners.
- **A standardised, countywide fleet** such that ultimately vehicles and drivers can be shared - this is a longer term objective in that it is hoped in the future that councils may share resources and support each other with replacement vehicles and drivers. At this stage it is difficult to quantify or cost this but clearly the joint procurement is the first step in ensuring there are drivers, loaders and fitters at each authority all familiar with the same equipment.
- **Provision of hired replacement vehicles** - In excess of the companies normal warranty arrangements, Faun undertook to provide a hired replacement vehicle immediately in the event of any vehicle off road situation. It is difficult to measure the financial benefit of this; however, assuming each vehicle supplied was off the road for one week then the savings would be as much as £30,000. Operationally, the benefit is tremendous as it gives managers peace of mind.
- Mercedes-Benz are to provide a **hotline for technical advice**, an improved turn round time on repairs and impressed stock on fast moving items.
- Terberg have committed to develop a **service centre** at their manufacturing site within Nottinghamshire together with a dedicated service engineer, estimated value £35,000. They will also make available a relief/spare lifter to be used as an exchange if a lifter needs extensive repairs, estimated value of £13,000. Terberg will also provide technical training for all technical staff and train the trainer training for supervisors, estimated value of £6,500.



Assorted RCVs with Faun, Mercedes and Terberg support vehicles.

Return on Investment

The joint procurement of RCV's will realise overall cashable efficiency savings of £114,000 and non cashable efficiency savings of up to £143,000 during the first year of the contract.

However, the benefits go much further than sheer monetary value, the benefit of having developed good partnership working will enable future projects to move forward with confidence.

Transferability

All eight Waste Collection Authorities (WCAs) in Nottinghamshire are currently signed up to jointly procure this particular specification of RCV.

The opportunity to join and purchase through the partnership is available to all local authorities in the East Midlands. Authorities interested in procuring RCVs through the partnership should note that although this is a single specification contract, there are a number of optional extras available for each RCV.

It is the partnerships intention to continue to jointly procure resources, and analysis is currently being carried out with the help of the East Midlands Centre of Excellence to identify future opportunities for efficiency savings.

“By joining up we have saved all councils around £150,000 in just one year. If you work with others there’s absolutely no doubt that it makes great financial sense.”

Dave Parton,
Head of Direct Services
Gedling Borough Council

Role of RCE

The support and assistance of the East Midlands Centre of Excellence was sought by the partnership at an early stage in the process and was seen as essential in ensuring the projects success.

“The EMCE is encouraging the use of partnership working and is proud to have supported this project. The completion of this project is a significant moment for the authorities involved and signals a clear intent to pursue partnership working in Nottinghamshire.”

Andrew Foster
Assistant Director (Procurement),
East Midlands Centre of Excellence



Pictured at the Kelham Hall launch event are Will Marzano, Terberg Ltd; Nathan Kendal, EMCE; Mick Smedley, Rushcliffe BC; Peter Columbine, Ashfield DC; Paul Woods, Nottingham City; Bob Yarnall, Rushcliffe BC; Dave Parton, Gedling BC; Andy Statham, Newark & Sherwood DC.

Partner authorities:

Ashfield District Council
Bassetlaw District Council
Broxtowe Borough Council
Gedling Borough Council
Mansfield District Council
Newark and Sherwood District Council
Nottingham City Council
Rushcliffe Borough Council

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