

Good Practice Case Study

Waste not, want not: Nottinghamshire councils save over £1.75 million ▼



Members of the Nottinghamshire vehicle procurement consortium

Joint partnership working for procuring Refuse Collection Vehicles ▼

Transport teams from Nottinghamshire Councils have been working in partnership since 2005 to generate savings and gain value for money in their procurement of new vehicles and training, devising a 'single tender process'. Thus far, nine authorities have together made savings of over £1.75 million. Building on the initial procurement strategy for Refuse Collection Vehicles, the consortium has now extended this single tender process to panel vans, training and tyre maintenance.

"The consortium's 'can be done' attitude has resulted in fantastic savings over the past six years and

has brought with it many other benefits, giving local authorities the confidence that they are truly getting value-for-money when procuring new vehicles. Over and above this, our partnership working has demonstrated how easy it is for groups of authorities to achieve significant savings on major plant and equipment procurement programmes if they adopt a consortium approach."

Peter Murdock
Chief Executive
Gedling Borough Council

Setting off on the journey ▾

In 2005 Nottinghamshire's Chief Executives decided to approach vehicle procurement in a new way. A transport group was created by bringing together local authority transport managers who were given the task to look into how to generate savings and efficiencies in procurement. A service head also joined to oversee the project.

By 2006 this consortium consisted of eight authorities working together to procure Refuse Collection Vehicles (RCVs). The authorities already had a history of partnership working, having standardised their refuse collection services and introduced twin bin alternate weekly collection services countywide. So the transition to collaborating on this project was relatively smooth.

Clear Objectives

The primary objective of the consortium was to outline a single common specification for the RCVs and initiate a 'single tender process', alongside other objectives including:

- Obtain financial savings per vehicle, procuring them for below the benchmark price
- Procure a single specification chassis, refuse, body and bin lifter
- Achieve added value by reducing the cost of spare parts 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

Devising the contract

When creating a specification contract it was outlined in such a way that everyone in the transport group was involved in some way. Members of the consortium are specialists and have a breadth of experience which they can bring to the procurement of Refuse Collection Vehicles. For example, the consortium included a Procurement Officer from Bassetlaw, an Accountant from Mansfield and a Head of Service from Gedling Council. It was found that having this diversity and specialism greatly assisted with the process.

Understandably, it took time to discuss and achieve a single process all authorities were happy with. However, the consortium believes much of its success with the initial contract can be attributed to the fact that everyone involved gained something positive out of the process due to the specification structure of the contract.

Once the specification was devised, the tender was put out publicly and published by the Official Journal of the European Community (OJEC). The tender was for the procurement of 40 vehicles, amounting to approximately £6 million worth of business, a significant amount which unsurprisingly attracted a great degree of interest from suppliers. Due to the volume of vehicles required, the consortium gained a significant advantage in buying

power and thus acquiring discounts that would otherwise be unavailable to individual authorities.

After negotiating and devising the single tender contract an immediate efficiency was seen in the reduction from eight separate contracts, specifications, pricing schedules and tendering separately to just one. Setting up this consortium led to an immediate streamlining, resulting in an 8:1 ratio of efficiency.

In it for the long haul ▾

After a two-year contract to test the market, a new contract was agreed in April 2009 with Terberg Matec UK. Lessons from the previous contract gave the consortium the ambition to strive for even more value-for-money and support for local authorities.

Although financial savings are obviously a major factor when choosing a supplier, this is deemed to account for approximately 60% of the decision. The consortium has found that 40% of the decision is weighted in other 'added-value' factors such as warranties, after-sales service, mobile engineers and training resulting in an efficient, value-for-money contract.

The consortium managed to save even more money and build on benefits having drawn on lessons from the initial contract and agreeing initiatives such as:

- Breakdown vehicle replacement within 24 hours. The supplier

has a Refuse Collection Vehicle available within Nottinghamshire at all times

- Having a mobile engineer within Nottinghamshire every working day to respond within hours of a breakdown
- Significantly discounted spare parts
- Creation of a Research and Development group with some of the transport managers looking at other opportunities for procuring Refuse Collection Vehicles

By meeting with suppliers every three months and discussing any contractual issues the consortium has found its approach to procurement consistently delivers and exceeds its expectations.

The Panel Van Project

In 2008, following the success of the initial contract, the joint procurement

process was extended to include car-derived vans, panel vans, transits and minibuses weighing up to 3 ½ tonnes. This extension gave the impetus for Nottinghamshire County Council to join the Group, and it resulted in a contract for a total of 300 vehicles to be purchased over three years. The increase in the number of panel vans significantly augmented buying power. This, coupled with an already established relationship with the supplier, lead Sandiccliffe Ford to commit to supplying vehicles 13 weeks from ordering. Total savings of £270,000 were generated.

Training

Recently introduced legislation requires drivers of Large Goods Vehicles to undertake further training to receive their Drivers Certificate of Professional Confidence. This entails seven hours of training per year for five years; a total of 35 hours training. This was put out to public tender and the contract was awarded to Sandy Arthur Training in February 2010. Over the next five years 450 drivers are due to be trained at a total cost of £250 per driver, resulting in savings of approximately £45,000.

Lessons ▼

Get the Chief Executive's

support: Having drive from the top assists with dispelling any apprehensions people may have about working alongside other authorities and assists people with change.

Maximum input = maximum

output: With various councils coming together, initial negotiations for procuring vehicles were not always straightforward due to individual authority requirements and preferences. However, due to the way the contract specification was outlined, any real barriers were avoided by assigning specific job roles to specialists who could all contribute different elements and learn from each other.

Financial savings are just one

success factor: Considering factors that will make efficiencies in other ways is important to gain the most out of contracts with suppliers, and gain true value for money.

It is difficult to identify the

exact amount of savings: It is not possible to quantify exactly where all savings have been made due to the number of different service departments, contracts and pricing schedules that were in place across all the authorities prior to the single contract. However, overall efficiencies as a result of the consortium's initiatives have resulted in considerable tangible savings.

Open to all: Every authority in the East Midlands could join this

partnership and reap the numerous benefits from being a part of the consortium.

Shared responsibility: A barrier to authorities entering may be the fear of putting the decision-making into other people's hands. However, it has been found that the procurement process put in place by the

consortium leads to time efficiencies in managing contracts, freeing up time to focus on other priorities.

Size matters: The procurement team's success is beneficial for bulk fleets due to an economy of scale when negotiating. It is not deemed to be beneficial for smaller, more specific groups of vehicles.

Continuing the journey ▾



Refuse Collection Vehicles provided by the consortium

The success and lessons of the consortium's procurement process has led to the further development of exciting projects and ideas for the future:

- The East Midlands Improvement and Efficiency Partnership has funded a new fleet management system:
 - A software package that allows the transport team to benchmark data, breakdown hours, fuel usage, faults and so forth. Six councils will now be involved in procuring this new system aided by the fact that they all have the same vehicles
- As of 1st April 2010 the consortium will be entering a four-year tyre management contract with Vacu-Lug who will check on all the fleet's tyres and report on any wear and tear or damage. Based in the East Midlands it is set to save £130,000 over four years due to the volume of procurement
- The Research and Development group is always looking for ways to deliver efficiencies and generate savings, and is currently working on alternative fuel vehicles

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East Midlands Improvement and Efficiency Partnership Case Studies

The East Midlands Improvement & Efficiency Partnership (EM IEP) is committed to celebrating the successful, innovative and imaginative project work that exists in the East Midlands region.

The EM IEP Support Team publish case studies showing how East Midlands councils are improving services, and delivering significant improvements and efficiencies.

The case studies are intended to inspire councils in the region, and indeed nationally, to transform services and benefit from the processes developed by those councils that have pioneered the way forward.

For all the latest news, guidance, good practice case studies and video case studies visit our website:

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