



## CABINET – 22 JUNE 2021

### EXCEPTION TO CONTRACT PROCEDURE RULES - URGENT ACTION TAKEN BY THE CHIEF EXECUTIVE IN RELATION TO THE APPOINTMENT OF A SUPPLIER TO PROVIDE SHORT TERM HIRE VEHICLES

#### REPORT OF THE DIRECTOR OF ENVIRONMENT & TRANSPORT

##### PART A

##### Purpose of the Report

1. The purpose of this report is to advise the Cabinet of urgent action taken by the Chief Executive to agree an exception to the Council's Contract Procedure Rules which enabled the direct appointment to Enterprise Flex E Rent to supply the County Council's Short term hired vehicles.
2. The Fleet Services team within the Environment & Transport Department hires in vehicles for various County Council departments. As a result of the Covid-19 pandemic, the Council's requirements for hired vehicles has risen by up to 300% in order to enable social distancing and keep its workforce safe. The 'master vendor' arrangement negotiated with Enterprise Flex E Rent means they have been the Council's main provider of short term hired vehicles since March 2020.

##### Recommendation

3. It is recommended that the Cabinet notes the urgent action taken by the Chief Executive to agree an exception to the Contract Procedure Rules to enable the appointment of Enterprise Flex E Rent to supply all of the Council's short term hired vehicles, up to a two year period from 1<sup>st</sup> April 2020.

##### Reasons for Recommendation

4. The Council's Constitution (Contract Procedure Rule 6 (b)) provides that exceptions to the Contract Procedure Rules may be made by the Cabinet where it is satisfied that an exception is justified on its merits and that in urgent cases the Chief Executive (after consultation with the Leader or Deputy Leader save where this is not practicable) may direct that an exception be made subject to it being reported to the Cabinet.
5. The circumstances and financial considerations surrounding the proposal are explained in Part B of this report. The two year arrangement with Enterprise Flex

E Rent offers around a 5% saving from the previous arrangement of using multiple suppliers on the ESPO framework.

### **Timetable for Decisions (including Scrutiny)**

6. The Chief Executive agreed the exception on 11 May 2021.
7. The exception was necessary due to spend levels with the supplier exceeding the threshold in the Contract Procedure Rules; the continuing demand for hired vehicles to support social distancing during the pandemic had not been expected. A new contract will be put in place as soon as is practicable (to accommodate spend levels during the continued response to the pandemic). This work has already started, however given the value, it can take up to six months to carry out a compliant procurement process.

### **Policy Framework and Previous Decisions**

8. The exception to the Contract Procedure Rules follows the Council's Constitution (Contract Procedure Rule 6 (b)).

### **Resource Implications**

9. The savings from the Enterprise Flex E Rent contract arrangement have been built into the identified savings in the Medium-Term Financial Strategy.
10. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report. Although the County Council's Legal Services has advised that there is a procurement risk regarding this directly awarded contract, this risk can be mitigated provided that a new contract is re procured (in accordance with the procurement rules), as soon as possible and in any event, in place by or around the 1 April 2022.

### **Circulation under the Local Issues Alert Procedure**

11. None.

### **Officers to Contact**

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## **PART B**

### **Background**

12. In March 2020 the Fleet Services Team reviewed its current short term hired vehicle arrangements via the ESPO 271 Framework contract as part of the Fleet Management efficiency review with Consultants (PVS). The purpose of the review was to identify savings, reduce the cost of hired vehicles and improve internal customer service. The recommendation was to use Enterprise Flex E Rent as the master vendor to supply all LCC hired vehicle needs, rather than hiring vehicles from multiple suppliers. A pricing exercise was carried out, and an action plan was put into place in order for all of the Council's hired vehicles to be obtained via Enterprise Flex E Rent. The contract was directly awarded following negotiation. The efficiencies in administration, invoices and use of their on-line portal, were all taken into consideration with the move to this supplier.
13. The spend on all hired vehicles for LCC from suppliers at the time pre-COVID was approx. £23,000 per month. The pandemic increased the need for hire vehicles, at times, by up to 300%, with additional vehicles required in order to ensure social distancing requirements were met. Enterprise Flex E Rent has been the main provider of these additional vehicles. The contract with Enterprise Flex E Rent has an estimated total value of £720,000 over the two years. This total contract value of £720,000 (£32,000 per month) will allow scope to provide vehicles for some pandemic conditions allowing for additional vehicles above business as usual. As restrictions ease, and it's safe to do so, the number of vehicles required will be reduced back to pre-pandemic levels thus reducing the current spending levels.
14. The pricing exercise that took place within the Department looked at all current suppliers of hired vehicles and hired specialised vehicles. The exercise looked at cost per unit, meeting all the Council's operational requirements, health and safety needs, administration and back office costs. Meetings and engagement took place with Enterprise Flex E Rent to ensure best value in terms of cost, meeting the County Council's specification and vehicle availability. The objective was to reduce costs on current spend levels (5% saving achieved), this will be monitored monthly in-line with the MTFs reporting. Although the savings target is challenging as the total expenditure on vehicle hire has increased due to the pandemic and is still unpredictable - moving to Enterprise Flex E Rent as the Master Vendor will provide the best value per unit hired for the Authority compared with previous suppliers. In addition, whilst Enterprise is a local supplier, it also offers the resilience of being a national provider.

### **Alternative Options**

15. Hired vehicles could be sourced from the same supplier, Enterprise Flex E Rent, through the ESPO framework for direct award (a compliant option). However, framework rates for direct award are targeted at smaller volumes of hire. The ESPO "further competition" route is being considered and explored as part of the long term, compliant contract solution which will be sought following the end of the current agreement with Enterprise in March 2022. This process will enable all

eligible ESPO suppliers to quote revised rates based on specific County Council requirements.

### **Equality and Human Rights Implications**

16. There are no positive or adverse equality or human rights implications arising from this report,

### **Environmental Implications**

17. Enterprise Flex E Rent has a range of new vehicles in its hire fleet, which meet the latest emission standards and reduces carbon emissions in line with the council's environment strategy. They have also been able to source several commercial electric vehicles for the County Council to use on a short term trial (electric commercial vehicles are currently difficult to source due to demand, lead in times and low production numbers).