

DMPC Decision – PCD 1340

Title: Fleet Services Repair and Maintenance Contract Awards

Executive Summary:

This paper seeks approval for the award of six contracts for the provision of the overt vehicle fleet repair and maintenance services. This procurement contributes to the MOPAC Police & Crime Plan as the MPS fleet is a key enabler in the fight against crime directly supporting front line officers in protecting Londoners and keeping the city safe.

The contract terms are for either an initial term of seven years with three one-year optional extensions or for three years with two one-year optional extensions. The contract values for the maximum term of the contracts is £405,900,000. The paper also seeks approval for the funding of the enhanced commercial contract management team (£3,387,000), integration and provision of technology support (£1,477,000), and implementation costs. The MPS assure that the overall costs across the ten year term are funded.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the award of Contract 1 – Emergency Response Vehicle Repair with a value of £207.900m and a duration of ten years (seven years with three one-year extension options)
2. Approve the award of Contract 2– Emergency Response & Support Vehicle Repair with a value of £68.900m and a duration of ten years (seven years with three one-year extension options)
3. Approve the award of Contract 3 – General Purpose Vehicle Repair with a value of £6.600m and a duration of five years (three years with two one-year extension options)
4. Approve the award of Contract 4 – Vehicle Collision Repair with a value of £22.700m and a duration of five years (three years with two one-year extension options)
5. Approve the award of Contract 5.1 – Systems Integrator with a value of £66.300m and a duration of ten years (seven years with three one-year extension options)
6. Approve the award of Contract 5.2 – Collection & Delivery with a value of £33.500m and a duration of ten years (seven years with three one-year extension options)

Please note that the Contract award 1-6 totals £405.9m, which includes a 20% operational headroom and additional 33% headroom to cater for surge and future demands.

7. Approve £3.387m for BAU revenue costs for the provision of a commercial contract management team, which has approved funding from allocated funds within the MPS reserves.
8. Approve £0.772m for BAU revenue budgetary provision for DP technology support which has approved funding from allocated funds within the MPS reserves

9. Approve funding for supplier pre-transition activity plus additional programme resource to support the mobilisation and delivery activities which has been approved from allocated funds including the MPS reserves.
10. Approve the expenditure of £0.705m of capital budget, already contained in the approved TD Capital Plan, to undertake technology integration.

Deputy Mayor for Policing and Crime

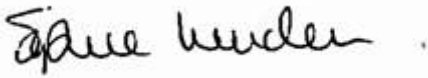
I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Date

20/12/2022



PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. The current contracts for the provision of the overt vehicle fleet repair and maintenance function expires in October 2023. There are no further opportunities to extend.
- 1.2. MOPAC approved the re-procurement of these services in April and December 2021 – see PCD954 and PCD1090.

2. Issues for consideration

- 2.1. The MPS assure that this procurement contributes to the MOPAC Police & Crime Plan as the MPS fleet is a key enabler in the fight against crime directly supporting front line officers in protecting Londoners and keeping the city safe.
- 2.2. The re-procurement was designed with the creation of a number of contracts rather than one in order to increase competition, improve service performance, increase efficiency and comply with environmental standards.
- 2.3. The contract specifications include provision to support the ambitions for Ultra Low Emission Zone (ULEZ) and net zero carbon.
- 2.4. The MPS assure that innovative, yet practical and proven, fleet management technologies will provide real-time visibility of the progress of vehicle repairs and vehicle location for officers, alongside visibility of clear and real-time management information.
- 2.5. Overall, one supplier scored higher than others across all procurements. As such, all contracts have been won by one supplier, despite the intent to re-provide a multi-service multi-provider fleet repair and maintenance model. Having a single supplier will reduce the risks associated with implementing and managing a multi-supplier model and the MPS has also assured that the six contracts model has been designed to provide the level of control and performance management that will provide a service delivery that works for the MPS, and create the right level of transparency and resilience.
- 2.6. The model is moving away from fixed costs per vehicle, to a variable consumption-based model that provides greater opportunity for efficiency.

3. Financial Comments

- 3.1. The contract values proposed are based on a 'high-volume' scenario, inclusion of a headroom if volumes are higher than expected, and provision for unforeseen and contingent items for example, if there was a need for surge purposes. The analysis also includes the one-off and on-going costs of managing the contract.

- 3.2. MPS assure that the budget is in place over the ten year period for the estimated costs of the proposed contracts based on the 'high volume' scenario and implementation costs, and would generate savings over the ten years of £32.7m. If the headroom provision is required this will place pressure on the budget and reduce the savings. Monitoring arrangements will be in place and MPS will work to ensure that costs can be met from the funding envelope available.
- 3.3. The MPS state that the up-front phasing of the implementation costs will require the use of reserves, and that future estimated savings will be used to replenish the reserves and contribute to the MTFP.
- 3.4. Spend above the existing budget and use of the provision for unforeseen and contingent items are not funded and would require a further MOPAC approval.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime ("MOPAC") is the contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with these Regulations. This report confirms the value of the proposed contracts exceeds this threshold.
- 4.2. The MPS assure that the route to market and procurement are compliant with the regulations.
- 4.3. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:
 - Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
 - Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.
- 4.4. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent provides that the Director of Commercial Services has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure.

5. Commercial Issues

- 5.1. The re-procurement is for the supply of the repair and maintenance service for the Metropolitan Police Service overt vehicle fleet. This includes fleet management, collision repair and mobile support, and service, minor repairs and maintenance. A multi-contract model was established to encourage a robust competitive process and to encourage multiple bidders.
- 5.2. The procurement was via the competitive procedure with negotiation under the Public Contracts Regulations 2015. The MPS assure that this is compliant with regulations.

- 5.3. As well as the GLA and its functional bodies the London Ambulance Service (LAS) , City of London Police and British Transport Police (BTP) were approached to consider collaborative opportunities. Transport for London indicated that they may use the contract to manage their surge capacity.
- 5.4. The proposed successful supplier scored the highest Most Economic Advantageous Tender" (MEAT) score for each contract.
- 5.5. The MPS assure that the new model provides improvements in contract and performance management that incentivises collaboration, achievement to Key Performance Indicators (KPI's) and continuous improvement.
- 5.6. All five procurements have resulted in a cumulative contract award value that falls within MPS affordability bounds, based on the high volume scenario, and the quality score for all procurements was higher than required.
- 5.7. The MPS state that these contracts are heavily supportive of and demonstrated a number of social value priorities that were included in the procurement of these services. Three main themes include economic benefits, ensuring a diverse base of suppliers and resilient supply chains whilst making opportunities available to SMEs, and the inclusion of social value benefits, for example community benefits and fair working practices, employment and skills, capability, and skills improvement such as promotion of training and apprenticeships and mentoring and coaching opportunities.
- 5.8. The outsourced services will be managed by an internal MO11 Operational Support Services team (Strategic Assurance Function – SAF) through a partnership approach, continually seeking continuous improvement in service delivery, value for money, and customer experience
- 5.9. There will be TUPE between the current supplier and new supplier, however no TUPE transfers of people are anticipated that will impact the MPS directly. TUPE costs are built into the supplier milestone payments for transfers between suppliers and the anticipated impact to the MPS.

6. GDPR and Data Privacy

- 6.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work with or on behalf of MOPAC are fully compliant with the policy and understand their GDPR responsibilities.
- 6.2. The MPS assures that this programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations

by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 7.2. The MPS assure that as this is a re-procurement of an existing service it does not change any aspects relating to equality or diversity.

8. Background/supporting papers

- Appendix 1 MPS Report - FLEET SERVICES OVERT REPAIR & MAINTENANCE

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are covered in the body of the report.

✓

GDPR/Data Privacy

GDPR compliance issues are covered in the body of the report .

✓

Drafting Officer

Alex Anderson has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The interim MOPAC Chief Finance Officer and Director of Corporate Services has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Date 20/12/2022

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FLEET SERVICES OVERT REPAIR & MAINTENANCE

MOPAC Investment Advisory & Monitoring meeting 8th December 2022**Report by Marie Heracleous on behalf of the Chief of Corporate Services****Part 1 – This section of the report will be published by MOPAC. It is
Classified as OFFICIAL – PUBLIC***EXECUTIVE SUMMARY*

1. This FBC concerns the re-provision of repair and maintenance services of the overt MPS road vehicle fleet.
2. The current contract has been in place for 15 years and is not delivering the modern needs of fleet users, or value for money. This contract ends in October 2023, utilising all possible contract extensions, with no further extension possible.
3. An innovative ‘multi-service provision’ model for repair and maintenance of the in-scope fleet will deliver an improved quality of customer inter-face experience, enable and monitor higher service performance, greater transparency and strong KPIs against which each service delivery provider will be managed against.
4. Transition activity to ensure a seamless transfer from the existing provider to the new for the 1st November 2023 will commence immediately on contract awards following receipt of formal approval from IAM.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

1. **Approve the award of Contract 1 – Emergency Response Vehicle Repair with a value of £207.900m and a duration of ten years (seven years with three one-year extension options)**
2. **Approve the award of Contract 2– Emergency Response & Support Vehicle Repair with a value of £68.900m and a duration of ten years (seven years with three one-year extension options)**
3. **Approve the award of Contract 3 – General Purpose Vehicle Repair with a value of £6.600m and a duration of five years (three years with two one-year extension options)**
4. **Approve the award of Contract 4 – Vehicle Collision Repair with a value of £22.700m and a duration of five years (three years with two one-year extension options)**
5. **Approve the award of Contract 5.1 – Systems Integrator with a value of £66.300m and a duration of ten years (seven years with three one-year extension options)**
6. **Approve the award of Contract 5.2 – Collection & Delivery with a value of £33.500m and a duration of ten years (seven years with three one-year extension options)**

Please note that the Contract award 1-6 totals £405.9m, which includes a 20% operational headroom and additional 33% headroom to cater for surge and future demands.

7. **Approve £3.387m for BAU revenue costs for the provision of a commercial contract management team, which has approved funding from allocated funds within the MPS reserves.**
8. **Approve £0.772m for BAU revenue budgetary provision for DP technology support which has approved funding from allocated funds within the MPS reserves**
9. ***Financial Details Withheld due to commercial sensitivity*** Approve funding for supplier pre-transition activity plus additional programme resource to support the mobilisation and delivery activities, **which has been approved from MPS reserves, where any future savings will replenish and contribute to the MTFP.**
10. **Approve the expenditure of £0.705m of capital budget, already contained in the approved TD Capital Plan, to undertake technology integration.**

Note 1: following PIB (8th Nov '22) affordability for Decision 7, 8 & 9 were asked to be assured as affordable for respective in year funding. Although overall delivery is affordable, the funding pressure that will occur in 2023/24 of £6.858m, will be met from MPS reserves.

Note 2: there is also a budgetary provision of £3.500m to undertake supplier performance management by the MO11 Supplier and Assurance Function, to be covered by the existing MO11 Operational Support Services budget

Time sensitivity

A decision is required from the Deputy Mayor by (22/12/2022) for the following reasons:

1. The current service provision ends on 31st October 2023, with no further possible extensions due to the maximum extensions already have been enacted. The c3,600 overt police vehicles are critical tools for the policing of London and national operations, and cannot be without a means to maintain and repair them.
2. An already condensed 10 months period (January to October '23) for new services to mobilise, design and be implemented is considered the minimum viable to effectively on-board suppliers, design and test new systems for 'handover readiness' on 1st November '23.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. The OBC presented in April 2021 approved the exploration of the preferred Option 2 – Outsource of Repair & Maintenance to Multiple Contracts, and initiate work to procure against the five fleet services work activities as described in the full business case.
2. The Finance Case shows that the re-provision of the services are affordable within existing budgets based on current assumptions and benefits officers and other fleet users.
3. The new model provides improvements in contract and performance management that incentivises collaboration, achievement to KPI's and continuous improvement.
4. The improved technical standards drive efficiency into the way that vehicles are serviced alongside creating the ability to service green vehicles as we work towards our Net Carbon Zero obligations.
5. Innovative, yet practical and proven, fleet management technologies will provide real-time visibility of the progress of vehicle repairs and vehicle location for officers, alongside visibility of clear and real-time management information.
6. Self-service of booking amendments, portal visibility of performance information, efficient processes, and a continuous drive for service quality are all factors that underpin our new service delivery model, and these will deliver in a "real feel" to officers that a step-change has been achieved in the performance of their fleet.
7. More vehicles will be on the road at any given time as a result of greater service performance and efficient processes. Communication will be instantaneous through customer portals and apps. Flexibility for operational needs will be achieved via flexible service bookings. This model is intended to offer a significant improvement to the current ways of working in place today and has been designed to meet the needs of future policing needs and strategies.
8. Pre-tender market engagement raised the interest in the marketplace, giving confidence that the Commercial Strategy could be achieved. The creation of a detailed operating model design gave confidence that the service delivery model could be delivered in a practical real-world scenario.
9. The P6 Fleet Services programme have successfully concluded all commercial procurement activity and is in a position to recommend the award for new contracts for each of the service areas in scope. This will enable MPS to manage fleet service performance in a way that was not previously possible.
10. All five procurements have resulted in a cumulative contract award value that falls within MPS affordability bounds and the quality score for all procurements was higher than required.

11. The FBC recommends the award and therefore the commencement of the transition period, and hand-over activities, required to assure the successful continuous fleet repair and maintenance services as it passes from the current provider to the new for the 31st October 2023.

Issues for consideration

1. The current service delivery model has been in place since 1999, with the incumbent supplier in contract for Repair & Maintenance since 2006. The current contract for these services expires in October 2023 with no potential for further extension.
2. Some procurements experienced more competition from the market than others, but all delivered fully against the Statements of Requirements, with further value for money features being offered by bidders.
3. Overall, one supplier scored higher than others across all procurements. As such, all contracts have been won by one supplier, despite the intent to re-provide a multi-service multi-provider fleet repair and maintenance model.
4. The six contracts in this FBC, have each been designed to provide the level of control and performance management that will provide a service delivery model that works for the MPS, and create the right level of transparency and resilience.
5. The new model places great emphasis on a high quality of service that meets the needs of officers and other fleet users.
6. The model is moving away from fixed costs per vehicle, to a variable consumption-based model that provides greater opportunity for efficiency.
7. All procurements are within the expected costs and budget within the MPS Medium Term Financial Plan. However additional costs to implement the service model will require additional funding sources which have been identified and included within this FBC approval.
8. The outsourced services will be managed by an internal MO11 Operational Support Services team (Strategic Assurance Function – SAF) through a partnership approach, continually seeking continuous improvement in service delivery, value for money, and customer experience.
9. There will be TUPE between the current supplier and new supplier, however no TUPE transfers of people are anticipated that will impact the MPS directly. TUPE costs are built into the supplier milestone payments for transfers between suppliers and the anticipated impact to the MPS.

10. The UK's national CPI Inflationary indices have been applied to the calculations used to determine the through life contract value, Ongoing commercial and financial assessment will be applied and managed to determine any future direct impact to the contracts should the inflationary indices increase.

Contributes to the MOPAC Police & Crime Plan 2022-251

The procurement includes six contracts, each contributing to the successful execution of the repair and maintenance of the overt police fleet (c3,600 vehicles) which are a critical tool in the execution of the MOPAC Police & Crime Plan.

1. Contract 1 provides repair & maintenance for Emergency Response Vehicles;
2. Contract 2 provides repair and maintenance for Emergency Response and Support Vehicles;
3. Contract 3 provides repair and maintenance for General Purpose Vehicles;
4. Contract 4 provides Collision Repair;
5. Contract 5.1 provides a Systems Integrator operation;
6. Contract 5.2 provides Collection & Delivery.

Financial, Commercial and Procurement Comments

1. The direct cost to re-provide fleet repair and maintenance services is £345.450m against an overall current budget allocation of £378.11m over the service delivery period. When compared against the existing budget allocation, the costs for the new supplier contract offers a net saving of (£36.82m) over the service delivery period. Further in-direct investments of £3.387m for Commercial resource and £0.772m in DP technology support are needed for the new service delivery model which reduces this surplus to (£32.661m).
2. M011 Supplier and Assurance Function will require 4 FTE to performance manage the supplier, but these roles are funded and hence excluded from the Financial Case.

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

Responsible Procurement Anchor Institute

1. Scoring for each procurement included 10% weightings for social value and in addition the pricing model provides incentive payments to suppliers when their social value commitment has been achieved.
2. The MPS is committed to pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. Bidders were assessed on how they deliver Social Value outcomes including how they will support in the delivery of the key objectives of London Anchor Institution's Charter and how these contracts will contribute to the Authority's commitment to support those groups most impacted by the pandemic.
3. These contracts are heavily supportive and demonstrated a number of social value priorities that were included in the procurement of these services. Three main themes include economic benefits, ensuring a diverse base of suppliers and resilient supply chains whilst making opportunities available to SMEs. The inclusion of social value benefits, for example community benefits and fair working practices, employment and skills, capability, and skills improvement such as promotion of training and apprenticeships and mentoring and coaching opportunities. Ethical sourcing and Modern Slavery considerations were also addressed. The procurement also embeds environmental benefits including sustainable production and consumption and improvement in environmental quality, through less polluting technology and more efficient or alternative approaches to solutions in the reduction in pollution.
4. Requirements within each contract will enable MPS to gather specific information in relation to their Social Value and Sustainability commitments and use these metrics to best inform good practice within companies operating in this industry.

Legal Comments

1. The Mayor's Office for Policing and Crime ("MOPAC") is the contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with these Regulations. This report confirms the value of the proposed contracts exceeds this threshold.
2. Section 5.3 of this FBC confirms the MOPAC's route to market for the proposed contracts is compliant with the Regulations.
3. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:
 - a. Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
 - b. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
4. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent provides that the Director of Commercial Services has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure. Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

Equality Comments

1. As this is a re-procurement of an existing service this work does not change any aspects relating to equality or diversity.

Privacy Comments

1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the programme meets its compliance requirements.
4. The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

1. There is no change to MPS real estate holdings as a result of the award and delivery of the fleet repair and maintenance services contracts to be awarded. The incoming supplier will utilise their own premises to deliver the full services as defined within the Statements of Requirement for each service area. Prior to 1st November 2023 each proposed premises will be subject to inspection and achieve compliance to S security standards by MPS Property Services Division, with the suppliers undertaking any improvements and upgrades as necessary.

Environmental Implications

1. The MPS is committed to achieving Net Zero Carbon by 2030, and the police fleet is a big part of this commitment. Through the creation of new Statements of Requirements, the MPS has ensured that these new contracts provide the ability of suppliers to service zero emissions vehicles, which is a large enabler for the achievement of the MPS's environmental strategy.

Background/supporting papers

1. Supporting information included in Part 2

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:

OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of Fleet Services Overt Repair & Maintenance is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure, for example:
 - Data Protection Section 40,
 - Commercial Interest Section 43
 - Legal Professional Privilege Section 42

The paper will cease to be exempt on the completion and award of all contracts by 31 January 2023.