

REQUEST FOR DMPC DECISION – PCD 265

Title: Fleet Managed Service Provision

Executive Summary:

The MPS is seeking approval to extend two contracts with Babcock for 12 months, whilst the Full Business Case for the Fleet Managed Service Provision is updated.

Recommendation:

The DMPC is asked to

1. Agree that the Full Business Case (FBC) should be updated and be resubmitted to the Portfolio Investment Board and MOPAC in Quarter 4 of 2017/18.
2. Approve the extension of two contracts with Babcock 12 months at an estimated value of £40m to allow time for the FBC to be updated.

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 *Sophie Linden*

Date *26/9/17*

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

Decision required – supporting report

1. Introduction and background

- 1.1 The MPS has is requesting approval to negotiate and award a 12 month extension to the current contracts with Babcock until October 2018. The current contracts for Vehicle Maintenance and Hire & Vehicle Conversion expire in October 2017. The extensions will be subject to there being no change to the current terms and charges being calculated in accordance with the Financial Model.
- 1.2 During the 12 month extension period, the Full Business Case for the Fleet Managed Service Provision will be updated.

2. Issues for consideration

- 2.1. See the Part 2 for details.

3. Financial Comments

- 3.1 The cost of extending the two contracts will be funded from existing resources.

4. Legal Comments

- 4.1. The Directorate of Legal Services and TLT LLP Solicitors have provided advice throughout this procurement.

5. Equality Comments

- 5.1. There are no direct equality or diversity implications arising from this report

6. Background/supporting papers

- 6.1. Briefing note.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Part 1 Deferral:

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

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 rational for non-publication.

Is there a **part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

ORIGINATING OFFICER DECLARATION:

Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Chief Financial Officer has been consulted on this proposal.	✓
Equalities Advice: No Equality and Diversity issues identified.	✓

OFFICER APPROVAL**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

R. Lawrence

Date

25/9/17

PART 1

MAYOR'S OFFICE FOR POLICING AND CRIME

22nd August 2017

Fleet Managed Service Provision.

Report by Simon Wilson, Commercial Director.

EXECUTIVE SUMMARY

The Final Business Case (FBC) for the provision of a Fleet Managed Service was presented to the MPS Portfolio and Investment Board (PIB) in October 2016 and remitted for review, the procurement process and the Value for Money (VfM) of the recommended solution.

The DMPC is asked to;

- **Agree that the FBC should be updated and that it should be resubmitted to PIB / MOPAC in Quarter 4 of 2017/18.**
- **Approve the extension of two current contracts with Babcock for 12 months at an estimated value of £40million to allow time for the FBC to be updated.**

SUPPORTING INFORMATION

1. Background

The MPS Commercial Strategy 2015 and the '007 Commercial Programme' included market testing the management of the MPS fleet. It was subsequently recommended moving the service provision from the traditional maintenance and vehicle conversion contracts to a leading-edge managed service provision through a single partner.

The Outline and Strategic Business Cases (OBC / SBC) were produced by PWC on behalf of the MPS and approved by MOPAC in 2015. MPS / PWC ran a competitive dialogue with three suppliers to develop the managed service concept and obtain best commercial terms. Two of the suppliers withdrew from the process and thus the final negotiations were with a single supplier, namely Babcock.

The 'Final Business Case' (FBC) recommending the award of the Managed Service contract to Babcock was discussed by PIB in October 2016. There were however subsequent questions about the procurement process (as there was only a single bidder) and whether PIB had all the information needed to assess the overall Value for Money (VfM) in comparison to the OBC. Further work has been completed on these issues.

It is thought that it will take 6-8 weeks to negotiate a new proposal with Babcock and to draft a revised FBC, and a further 6-8 weeks for the governance through PIB / MOPAC.

It will also take 4-6 months to mobilise and implement a service from the final approval being given by MOPAC and thus the earliest a new service could be implemented is April/May 2018 and more likely July/August 2018.

The two current contracts with Babcock (Vehicle Maintenance & Hire and Vehicle Conversion) expire in October 2017.

MOPAC is asked to agree that the MPS commercial team negotiate and award a 12 month extension to the current arrangements with Babcock until October 2018, subject to no change to the current terms and charges being calculated in accordance with the Financial Model.

OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

2. Equality and Diversity Implications

There are no known Equality or Diversity Implications arising directly from this report.

3. Financial Implications

This report recommends the current contract with Babcock be extended for 12 months at the same commercial arrangements as currently and thus there are no known impacts to the current financial position though this will depend on commercial negotiations with the incumbent supplier. It is expected that the FBC will specify potential savings (as identified by the OBC) but these cannot yet be quantified.

4. Legal Implications

The Directorate of Legal Services (DLS) and TLT LLP have provided advice throughout this procurement and possible legal implications are discussed in Part 2

5. Risk (including Health & Safety) Implications

There are no Health & Safety implications of this report. There are potential commercial and financial risks arising from the need to agree an extension to the current contract but this cannot be quantified until negotiations commence.

6. Environmental Implications

There are no known Environmental implications arising from this report.