

DERBYSHIRE COUNTY COUNCIL

CABINET

1 February 2018

Report of the Strategic Director – Economy, Transport and Environment

VEHICLE MANAGEMENT SYSTEM (HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)

(1) **Purpose of Report** To seek Cabinet approval for the supply of a replacement Vehicle Management System (VMS), under Protocol 2a of the Council's Financial Regulations, using the Crown Commercial Service (CCS) Vehicle Telematics Framework Agreement (RM3754) and to commence consultation with Trade Unions and employees.

(2) **Information and Analysis** At the Cabinet meeting on 8 June 2017, approval was granted, in principle, for the commencement of a procurement process for a replacement VMS for all Council vehicles - consisting of around 541 items of vehicle and plant (Minute No. 184/17 refers).

VMS has been used within the Council in various forms since 2004, primarily within the Highways arena. The current contract is due to expire on 31 May 2018 and a replacement is being sought for full fleet adoption.

In summary, VMS provides robust vehicle and driver data relating to the operation of the Council's fleet, including:

- Vehicle location and travel direction - textually and on a map;
- Driver identification;
- Panic alert functionality;
- Driver behaviour - such as driving in excess of the speed limit, heavy braking, rapid acceleration and harsh cornering events;
- Vehicle status - ignition off/on and stationary with engine idling; and
- Specialist vehicle telemetry - information relating to the operation of gritters and their control settings, street lighting vehicles and their platforms and highways maintenance lorries and their lifting cranes.

The benefits of implementing a fleet-wide VMS include:

- Management of Operational Road Risk and Health and Safety;
- Improved vehicle utilisation;
- Reducing insurance claims and costs; and
- Reducing mileage and fuel costs.

A project team has been established to undertake a new VMS procurement. All available options have been appraised with the decision to use the CCS, a central Government executive agency framework to deliver the solution - RM3754 Vehicle Telematics.

The providers on the Crown Commercial Service Framework - Vehicle Telematics (RM3754) are:

ALD Automotive Ltd
APD Communications Ltd
Ashwoods Automotive Ltd (Lightfoot Ltd)
Ctrack Ltd
E-Pire Ltd (trading as Transpoco)
EDC Systems Limited (trading as Traffilog UK)
Exeros Technologies
L and A Consultants Ltd
Navman Wireless Uk Ltd
Ortus Technology Limited
Quartix Limited
RSG Engineering Ltd
Simplytrak Limited
Terrafox Ltd
Trimble UK Ltd
UK Telematics Ltd (formerly Trackyou Ltd)
Vision Unique Equipment Ltd

To establish that the framework provides a sufficiently competitive approach and can meet all the Council's diverse requirements, the Council has undertaken a soft market testing exercise to determine:

- Whether the framework could deliver a VMS that meets all the Council's requirements;
- Whether leasing or purchase was more advantageous;
- Availability of other functionality not already identified; and
- The likely costs associated with a Council-wide implementation.

The Council sent out a soft market testing questionnaire to the organisations on the CCS Framework and from the 17 suppliers, 5 suppliers responded.

From the responses, at least three suppliers could deliver a solution that meets all the Council's requirements, with the other two suppliers indicating that they would work with the Council to meet the remaining element which was specific to the Council's winter gritting fleet.

Consideration has been given to how the roll out of VMS across the fleet will be financed. A key element to determining this was the amount of up-front investment required at the commencement of the contract, which in turn is

dependent upon whether the Council chooses to purchase outright (as per the existing VMS) or lease on a long term basis.

Based on the feedback received from the responses, there is no significant advantage either way, although one supplier said that they would have to increase their costs slightly to cover their financing of such an approach.

Taking all aspects into consideration, leasing is seen as a more preferable approach for a fleet-wide implementation, as the up-front cost is minimised.

The summary of the soft market testing returns have been shared with the wider project stakeholders for their input and consideration, and to ensure the VMS functionality from the soft market testing returns supports their departmental requirements.

In summary, the information provided by the five suppliers, from the soft market testing exercise, has satisfied the Council that the CCS Framework is a viable option for the procurement of a replacement VMS.

The proposal to use the CCS Framework has been supported by a business case, including options appraisal which has been approved by the Chief Financial Officer and Director of Legal Services. The award of contract using the CCS Framework will be delegated to Strategic Director under the officer's scheme of delegation as per Protocol 2b of the Council's Financial Regulations.

Selection of the preferred supplier will be by further competition restricted to the suppliers listed above.

Protocol 2b of the Council's Financial Regulations provides for delegation of the award of a contract using a non-DCC Framework to the Strategic Director following Cabinet or Cabinet Member approval to use the framework. In this instance, the Strategic Director would like to offer Cabinet the opportunity to review the outcome of the consultation process and the opportunities the proposed fleet-wide rollout of VMS will bring. It is therefore proposed that the final award is brought back to a future meeting of Cabinet to seek approval to proceed with an award.

(3) Financial Considerations Based on soft market testing responses, the total cost of leasing a fleet-wide VMS will be between £60,000 and £100,000 per year for the whole fleet (541 items of vehicle and plant) which equates to between £0.5m and £0.8m over the maximum contract term of 8 years. The cost per vehicle is therefore likely to be around £100 per year for most vehicles and up to £200 per year for specialist vehicles.

The operational costs for the VMS will be apportioned across the fleet and will form part of the internal fleet rental recharges from Fleet Services, which are funded from departmental revenue budgets. Although the cost per vehicle will increase for service departments by £100 to £200 per year, the VMS will

provide data on fleet utilisation to enable departments to reduce the number of vehicles they need. This exercise in the Economy, Transport and Environment Department led to a reduction of 15 vehicles and budget saving of over £100,000 in 2017-18.

(4) **Legal Considerations** The Director of Legal Services is satisfied on the basis of the information contained in the report that the proposal to use RM3754 for the supply of a replacement vehicle management system is in accordance with the Council's Financial Regulations.

(5) **Human Resources Considerations** Consultation was undertaken with Trade Unions prior to the initial installation of VMS within the Economy, Transport and Environment Department and Culture and Community Services (as the departments were called then) in 2014. Since then, detailed discussions have taken place about the way it is used. This has resulted, in agreement with the Trade Unions, a protocol and managers' guidelines, which sets out full details about how VMS and the information it provides will be used.

As the new VMS is to be installed across all Council vehicles affecting employees in all departments, further consultation with Trade Unions and employees will be undertaken. The protocol and managers' guidelines will be reviewed and updated as part of the consultation process. It is proposed to hold a six week consultation exercise running alongside the procurement process.

In keeping with the provisions for ensuring personal information is handled appropriately, and to ensure compliance with the new General Data Protection Regulations, which come into force in May 2018, a Privacy Impact Assessment has also been undertaken and this will be shared through the consultation process.

(6) **Equality and Diversity Considerations** Drivers of Council vehicles will benefit from the enhanced safety functionality that VMS provides. For instance, employees who may for any reason feel vulnerable whilst working alone in locations across the County, VMS provides reassurance that should anything happen they can use the panic alert to summon help at any time of the day or night.

(7) **Transport Considerations** VMS will enable the Council to manage Operational Road Risk and Health and Safety, reduce insurance claims and maximise utilisation of vehicles, leading to a reduction in mileage, fuel and insurance costs. For example, following installation of VMS in Economy, Transport and Environment vehicles in 2014, a large decrease in both mileage and fuel costs was seen in 2015-16. A total of £181,000 less was spent on fuel in 2015-16 compared to the previous year, of which £90,000 was due to reducing fuel prices. The remaining £91,000 savings will have been, in part, due to the positive impact of utilising a VMS on Economy, Transport and

Environment fleet vehicles. In addition, using data on fleet utilisation led to a reduction of 15 vehicles with a budget saving of over £100,000 in the Economy, Transport and Environment Department in 2017-18.

(8) **Environmental Considerations** Vehicle fuel consumption and CO2 emissions are directly linked to the way in which vehicles are driven and operated. VMS provides opportunities for driver education and feedback to assist the Council in reducing its carbon footprint.

(9) **Social Value Considerations** As preparations continue for the re-procurement of the VMS contract, consideration is being given to how the process could secure the most valuable benefits for Derbyshire in accordance with the Council's social value strategy and procurement framework.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, health and property considerations.

(10) **Key Decision** No.

(11) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(12) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer Contact details – Paul Pugh, extension 38070.

(13) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 13.1 Approves the use of the Crown Commercial Service Framework RM3754 (vehicle telematics framework agreement) for the procurement and supply of a replacement Vehicle Management System for all Council vehicles.
- 13.2 Approves the commencement of a six week consultation exercise with Trade Unions and employees.
- 13.3 Notes that a further report will be presented to Cabinet in due course, seeking approval to award the contract to the preferred provider.

Mike Ashworth
Strategic Director – Economy, Transport and Environment