

EAST AYRSHIRE COUNCIL

CABINET – 23 JUNE 2010

EXTENSION OF CONTRACT FOR VEHICLE TRACKING SYSTEM

Report by Depute Chief Executive/Executive Director of Neighbourhood Services

1. PURPOSE OF REPORT

- 1.1** The purpose of this report is to seek approval from Cabinet to extend the current Vehicle Tracking contract with Masternaut, from 31 August 2010 to 31 March 2011, in line with the Council's Standing Orders Relating to Contract and Tendering.

2. BACKGROUND

- 2.1** Following a procurement exercise undertaken in accordance with the Council's Standing Orders and European Procurement Regulations, Masternaut were awarded the contract to provide a vehicle tracking management system for the Council's fleet of vehicles. The contract was awarded on 1 September 2005 for a five year period.
- 2.2** The primary aim of the system is to improve service delivery, management of health & safety and increase efficiency of vehicle management.
- 2.3** In April 2007, a review of the Masternaut vehicle tracking system was carried out by the Head of Corporate Development and Communication with support from Best Value and Performance, Building and Works and Masternaut personnel.
- 2.4** The contract administration and co-ordination for Masternaut transferred to Transport Services on 1 April 2009. The transfer of this function has led to a consistent approach to the contract administration and management of the system. Transport Services have been working with Masternaut to improve functionality of the Council's web access, develop reporting to meet Council requirements and act as a single point of contact for service users and Masternaut. It was also identified that agreements were entered into for 161 additional units during the term of the contract which have expiry dates beyond that of the original contract date of 31 August 2010.
- 2.5** The Council has a total of 349 tracker units of which 344 are presently fitted to Council owned, leased and hired vehicles, with 5 units awaiting fitting. A review of the arrangements for all additional vehicle tracking units has been undertaken to ensure they align with the contractual arrangements and are consolidated within the contract. The current annual expenditure for all contract agreements is currently £156,000.
- 2.6** Since its introduction the vehicle tracking system has provided significant information on fleet utilization to allow the Housing Asset Service Transitional Manager to remove

19 vehicles from the fleet. This has resulted in an estimated saving of £58,000 from the reduction of hired vehicles, together with fuel consumption savings across the service. Overall vehicle related cost reductions of £95,000 have been identified within Department of Neighbourhood Services in relation to reductions in the use of hire vehicles and fuel consumption.

- 2.7** Governance and Scrutiny Committee are currently carrying out a Review of the Masternaut Vehicle Tracking System. It was requested during the review that procurement arrangements continue to be progressed in light of timescales notwithstanding the recommendations forthcoming.
- 2.8** The initial procurement exercise was commenced but due to certain critical factors namely, the need for the Procurement Notice to be clear on the scope of the requirement prior to issuing, thereby requiring the decision on the outcome of the review of the Vehicle Tracking System, along with the requirement to have a contractual agreement with Masternaut in relation to those agreements that expire beyond 31 August 2010, the Council would be unable, given the legislative timetable, to award a new contract with a start date of 1 September 2010.

3. PROPOSAL TO EXTEND THE CONTRACT

- 3.1** 161 additional units were leased during the contract period which have agreements with termination dates ranging from March 2011 to August 2012. Discussions in relation to the realignment of termination dates have been ongoing with Masternaut. The following proposal has been tabled for consideration as follows:
1. Early termination of those agreements with termination dates beyond 31 August 2010, with a co-termination of all agreements of 31 March 2011 on the basis that no early termination costs would be incurred for any units at this date.
 2. Extension of initial contract from 1 September 2010 to 31 March 2011, with a reduction in the monthly charge from £37.45 per month to £25 per month for the 188 originally contracted units.
- 3.2** If the agreements were to be terminated on 31 August 2010 there would be a potential cost to the Council of £77,489 for the early termination of the additional leased units. By extending the contract to 31 March 2011 Masternaut have agreed to waive any termination costs for units with agreements beyond this date.
- 3.3** The co-termination of these agreement dates allows the Council to ensure the transfer of the vehicle tracking system, should this be required following the procurement exercise, to the successful service tenderer at one time, giving a single reporting system, rather than running with two systems until agreement dates expire.

4. PERSONNEL IMPLICATIONS

- 4.1** Nil

5. FINANCIAL IMPLICATIONS

5.1 There is potential cost to the Council of £77,489 for the early termination of agreements for additional leased units. An extension to the existing contract to 31 March 2011 will result in a reduction in leased costs from £91,490.35 to £75,106.15, a saving of £16,384.20 over the seven month period.

6. LEGAL IMPLICATIONS

6.1 The proposals set out in this paper adhere to the Council's Standing Orders Relating to Contracts and Tendering, Section 20 (2).

7. COMMUNITY PLANNING IMPLICATIONS

7.1 None

8. RISK MANAGEMENT IMPLICATIONS

8.1 The extension to the contract negates the risk of early termination costs.

9. EQUALITIES IMPLICATIONS

9.1 None

10. RECOMMENDATIONS

10.1 It is recommended that Cabinet:

- (i) approve the recommendation to extend the current contract with Masternaut from 1 September 2010 until 31 March 2011 under the Council's Standing Orders Relating to Contracts and tendering, Section 20 (2) under the terms outlined in 3.1 above.
- (ii) agree that the decision be implemented ahead of any consideration by the Governance & Scrutiny Committee on the grounds of urgency, in that to delay the decision would financially prejudice the Council's position.

Elizabeth Morton

Depute Chief Executive/Executive Director of Neighbourhood Services

17 June 2010

JB/RS

LIST OF BACKGROUND PAPERS

Nil

For further information on the contents of this report please contact John Bryson (Tel; 01563 576310)

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