

A New Approach to the Acquisition and Management of Commercial Vehicles



Lead Authority:	LB Bexley / Capital Ambition		
Project Sponsor:	Will Tuckley – CEO LB Bexley		
Project Manager:	To be appointed (External) (Ken Cole – Acting)		
Project Manager Contact Details:	07721 556537		
Author:	Ken Cole		
Date:	23 rd November 2009		
Project Start date	September 2009	Project End Date	March 2011

Please note: Capital Ambition does not support projects that benefit single authorities. Proposals should usually be joint submissions or be submitted by a lead partner on behalf of others. In exceptional circumstances Capital Ambition may support a bid but it must demonstrate specifically the value of outcomes and learning and how it can then be transferred to other organisations.

Template Revision History

Version	Created	Reasons for/Summary of Changes	Author
1.0	10/11/09	Transfer from old PID Version	Ken Cole
1.1	23/11/09	Review by Melanie Roseveare – Programme Management Office	Ken Cole
1.2	27/11/09	Steering Group Meeting	Ken Cole

1. Project Overview

1.1 Title	<i>A New Approach to the Acquisition and Management of Commercial Vehicles</i>
1.2 Project Summary (Maximum 100 words)	<p>London local authorities spend £70M each year on commercial vehicles and associated parts. With the addition of maintenance and repairs, the total business is valued at about £100M. The report, <i>Acquisition and Management of Commercial Vehicles – A New Approach for London</i> published in May 2009, identified that cashable savings of around 10% could be made from taking a more joined up approach with London authorities:</p> <ul style="list-style-type: none"> • agreeing core specifications for vehicle ranges • introducing three year forward planning schedules for vehicle replacement • brigading their future requirement • deploying collaborative purchasing arrangements which support a complete range of acquisition methods (e.g. outright purchase /leasing) <p>The Capital Ambition Efficiency Board has approved funding of £250k. The project is also being supported by the Office of Government Commerce (OGC) as a key pilot project for co-ordinating commercial vehicle sourcing strategy across local authorities</p>
1.3 Partner organisations involved in the submission of this bid	<p>The bid was proposed following on from an earlier pan London review undertaken earlier this year, which included a half day consultative workshop held on 10th March 2009 in which over 20 London local authorities were involved. The Project Delivery Team will comprise representatives from active local authorities, probably about eight, who will undertake lead roles. Names have been solicited via an email dated 3rd November from Project Sponsor, Will Tuckley, to fellow London CEOs.</p>
1.4 Project Aim (Maximum 30 words)	<p>The core project aim is to deliver £10M annualised cash-releasing savings across London local authorities.</p>
1.5 Project Objective(s) Objectives should be measurable and outline the activities you will undertake and the services you will offer to deliver the aim. Each objective should be a one sentence statement, or a number of statements starting with the word 'to'	<p>Although it is envisaged that there will be a fair number of supplementary outputs from this project, the key supporting business objectives are to:</p> <ol style="list-style-type: none"> 1. Promote a unified approach to the acquisition and management of the commercial fleet in London local authorities based on good commercial practice, the effective utilisation of assets (workshops / vehicles) and the adoption of core specifications across the full range of vehicles in service 2. Ensure that effective purchasing arrangements that support

	<p>different acquisition routes, and are accessible to all London public sector organisations, are enabled or established and actively promoted. These purchasing arrangements should be backed by potential anticipated volumes of replacement vehicles over the coming 3 to 5 years from each authority to ensure maximum commercial interest and participation</p> <ol style="list-style-type: none"> 3. Generate cashable savings of 10% against current local authority expenditure levels based on the reduction of unit costs for vehicles, better use of resources and fleet rationalisation programmes 4. Enable the sharing of information and outcomes on the use of new technologies, including environmentally friendly projects which have been trialled in individual London local authorities 5. Introduce e-Auction programmes for calling off lots against the collaborative purchasing arrangement based on forecasted volumes.
1.6 Is this bid for funding linked to a previous bid or for work delivered in an earlier phase?	No – Funding already approved by the CA Efficiency Board
1.7 Business and Policy Context	<p>Commercial vehicles are currently purchased piecemeal across London. They are a high value commodity where unit prices can be significantly reduced by the use of common specifications, better planning and acquisition, and brigading of spend.</p> <p>This project is fully consistent with the Capital Ambition's London Procurement Strategy.</p>

1.8 Funding Approved	Total Project Cost (£)	Amount of REVENUE Funding Requested from CA (£)	Amount of CAPITAL Funding Requested from CA (£)	Total Funding Approved
£250k	£250k	£250k	Nil	£250k

1.9 Summary of Benefits by Type	Tick as Appropriate
Please tick one or more types of benefit that your project will deliver. You will have the opportunity to expand further in section 2.6	
Cash Savings	☺
Efficiency Gains	☺
Cost Avoidance	☺
Capacity Building	☺
Performance Improvement	☺
Customer Satisfaction	Possible
Other	Possible

2. Project Detail

2.1 How does the proposed project address one or (or more) of Capital Ambition's themes and funding priorities?

This project is an integral part of Capital Ambition's Delivering together (Efficiency stream) and is fully supports the goals of its London Procurement Strategy.

2.2 Who are the partners directly involved in running the project and what will they contribute to its success?

Please List partners:	How will they contribute to the success of this project?
London Local Authorities	<i>By being engaged in the proposed procurement exercise</i>
Office of Government Commerce	<i>By providing technical expertise and resource</i>
Fire Buy (Potential)	<i>By offering a potential procurement route.</i>
External Appointments	<i>By offering specialist advice and input to the Project Team and/or producing key deliverables</i>

2.3 What are the intended outcomes of this project?

When considering intended outcomes, you need to ask the question 'What changes or effects should come about as a result of the project?'. Outcome statements typically start with words such as improved, increased, enhanced and reduced.

Outcome No.	Outcome Description
1	Reduced unit costs for vehicles. Target cashable savings of up to 10% for those London authorities taking part
2	Improved planning and coordination of vehicle purchases, management and deployment between London authorities and overall return on investment
3	Enhanced knowledge of the commercial vehicle market, including availability of alternative technologies such as electric vehicles and potential contract sources
4	Increased influence over the current supply base and market, including greater leverage

2.4 What outputs will the project deliver?

Outputs (sometimes called 'deliverables') are tangible things that are to be delivered by the project e.g. toolkit, procedure manual, training strategy. Project phases are typically initiation, planning, execution and closure

No.	Project Stage or Phase	Description of Output	Target Completion/Delivery Date	Which outcome is this output (s) linked to?
1	Phase 1 and 2 (will straddle two phases)	<i>Shared on-line register</i> of the availability of specialist vehicles across London, particularly for civil emergencies.	Register within 6 months of recruiting the Project Manager. The population of it will be ongoing	Outcome 2 (see 2.3) and Objective 1 (see 1.5)
2	Phase 1 and 2 (will straddle two phases)	<i>Report</i> providing details of all London local authority workshops (including those outsourced) – covering utilisation, capacity, technical specifications and people employed	Will be delivered within 12 months of recruiting the Project Manager.	Outcome 2 (see 2.3) and Objective 1 (see 1.5)
3	Phase 1	<i>Report</i> evaluating current and planned framework contracts covering commercial vehicles	Within 3 months of recruiting the Project Manager.	Outcome 3 (see 2.3) and Objective 2 (see 1.5)
4	Phase 1	<i>Marketing and Communications Strategy</i>	Within 3 months of recruiting the Project Manager.	Applicable to all
5	Phase 1	<i>Toolkit</i> Assessing benefits and evaluation of procurement methods (outright purchase, hire, leasing, and outsourcing) with worked examples	Within 3 months of recruiting the Project Manager.	Outcome 1 (see 2.3) and Objective 3 and 5 (see 1.5)
6	Phase 1 and 2 (will straddle two phases)	<i>New contract(s)</i> covering the complete range of commercial vehicles, including those using 'green technologies' open to all London local authorities	Current Estimate September 2010	Outcome 1 (see 2.3) and Objectives 3 and 5 (see 1.5)
7	Phase 3	<i>Rolling Programme of e-Auctions</i>	1 st e-Auction within 3 months of Output 6	Outcome 1 (see 2.3) and Objectives 3 and 5 (see 1.5)
8	Phase 3	<i>Report</i> publicising the deployment and business case for adopting new technologies in fleet management. Option for contracts to acquire it to be considered at Phase 3 planning stage and after report is	To be confirmed	Outcome 2 (see 2.3) and Objectives 4 (see 1.5)

		researched and published		
9	Phase 3	Knowledge Centre providing access on the results of work carried out / in-hand on environmental initiatives	To be confirmed	Outcome 2 (see 2.3) and Objectives 4 (see 1.5)
10	Phase 1 and 2 (will straddle two phases)	Savings measurement methodology	To be completed by closure of Phase 2	Outcome 1

2.5 How will outputs be rolled out beyond partners that are participating in the project?

Please describe how each of the outputs described above will be circulated, marketed and implemented externally.

Output No.	Roll out strategy
1	Marketing campaign / Product Launch / Letter to CEOs
2	Marketing campaign / Product Launch and letter to FDs / Heads of Procurement
3	Marketing campaign / Product Launch and letter to FDs / Heads of Procurement
4	Not applicable – this provides the overall strategy for remaining outputs
5	Marketing campaign / Product Launch and letter to FDs / Heads of Procurement
6	Letter to CEOs / Members. Formal Launch
7	Combined with 6
8	Marketing campaign / Product Launch and letter to FDs / Heads of Procurement
9	Marketing campaign / Product Launch and letter to FDs / Heads of Procurement

2.6 What benefits are sought from running this project?

We need to understand what benefits are sought by running this project. You should complete the table below and be specific in terms cash savings (what, how much over what period?), efficiency gains (how, impact?), Cost avoidance (what, how much over what period?) and Capacity Building. The headings shown below are not exhaustive and addition headings can be added where necessary.

Benefit Heading	Description (what benefits?, how much?, over what period?, impact?)
Cash Savings* <u>Primary Measure</u>	Please see earlier study <i>Acquisition and Management of Commercial Vehicles – A New Approach for London</i> published in May 2009. The report shows that unit costs reductions of up to 10% can be achieved through various methods including fleet standardisation, brigading and use of e-Auctions. This figure has also been corroborated by OGC specialists. <u>It is delivery against this benefit heading which will</u>

	determine whether the project has been a success. See Outcomes 6 and 7. We shall also utilise support from CIPFA through the Capital Ambition Programme office.
Efficiency Gains	This will be governed by the publication / launch of Outputs 1 to 5 and 8 to 9 research will be undertaken.
Cost Avoidance	This will be governed by the publication of Outputs 3 and 5 where the research will be undertaken.
Capacity Building	This will be governed by the publication of Output 2 where the research will be undertaken
Performance Improvement	This will be governed by the publication of Outputs 2 and 8 where the research will be undertaken
Customer Satisfaction	There may be some indirect benefits in terms of improved services to local people where vehicles are used in direct front line services, but these will impossible to measure in MiEtool
Other	Possible environmental benefits if research is done on emerging technologies. These will not be captured for the purpose of project closure unless they can easily be quantified

***We require clear information about projected return on investment for projects that claim to deliver efficiency savings. Please use mietool (or a robust equivalent) to support your savings estimates, and provide the supporting documentation. If you do not have any mietool trained staff, please see the following website for further details.**

<http://www.londoncouncils.gov.uk/capitalambition/resourcesandperformance/bpcasestudies/mietool.htm>

2.7 What is the Equalities Impact of this project?

None – This is primarily and cashable savings efficiency project.

2.8 Legacy planning – What is the legacy of this project?

Please describe how will the work undertaken during the running of this project will be sustained or carried on once the project has been completed.

The outcomes from this Project are similar in nature to those being undertaken by the London Energy Project (LEP). The future of LEP is currently being evaluated by PA Consulting. Once this study has been completed a legacy plan will be produced.

3. Project Resourcing

3.1 Have you secured or are you seeking match funding for this project? Yes/No
If yes, please complete details of match funders in the table below:

Funder	Amount (£)	Is Funding Secured?	Decision Date (if not secured)
Not Applicable			

3.2 What is the anticipated CAPITAL spend profile of funding requested from Capital Ambition?

Year	Quarter 1 (£)	Quarter 2 (£)	Quarter 3 (£)	Quarter 4 (£)	Total (£)
2009/10	-	-	-	5,000	5,000
2010/11	5,000	5,000	5,000	5,000	20,000
Total	This will be on output 1				25,000

3.3 What is the anticipated REVENUE spend profile of funding requested from Capital Ambition?

Year	Quarter 1 (£)	Quarter 2 (£)	Quarter 3 (£)	Quarter 4 (£)	Total (£)
2009/10	-	-	-	41,000	41,000
2010/11	41,000	41,000	41,000	41,000	164,000
Total					205,000

3.4 Project Staffing

Outputs 2,3,4,5, and 8 will be delivered as separate pieces of work by specialist external providers. They will be governed by common quality criteria and be subject to formal review by the Project Action Team and sign off by the Steering Group.

We shall look at using existing systems and infrastructure to deliver Output 1, although there may need to be some external resource to define the core specification.

Outputs 6 and 7 are the core deliverables. These will be delivered by a multi-disciplinary team drawn from both internal (London authorities/OGC) and external (specialists) sources.

3.5 In Kind Contributions

In kind contributions from participating local authorities will include:

- attendance of staff at workshops / consultation meetings
- use of their time and resources in reviewing documents and researching key information

4. Project Planning**4.1 What project dependencies were identified during the planning stage?**

Is this project on any other project or if any other projects are dependent on this project. If so, how?

None

4.2 What key assumptions were made during the planning stage?

- Cashable savings of up to 10% in this category can be delivered
- Most authorities (target 25) will want to associate with the project
- Core engagement a smaller group (target 12) who will provide most of the input and feedback
- A small minority of authorities (estimate 6 will claim lack of resources and/or outsourced arrangements for no participation). This issue has been directly addressed in the CEO circular from Will Tuckley
- Accurate and timely information will be hard to accrue, but can be extrapolated and backfilled as it becomes available

4.3 What constraints were identified during the planning stage?

- Need to deliver cashable savings in time for 2011/12. This will determine the pace at which the core procurement / contracting activity needs to be undertaken.

4.4 What is in the scope of this project and what specific exclusions have been identified?

The scope defines what is within the boundaries of the project and what is outside those boundaries, particularly where there may be areas of doubt.

The scope is commercial vehicles including refuse freighters, tankers, mechanical sweepers, mini-buses, buses, lorries, diggers / excavators, vans, tippers, mobile libraries, gully sweepers and gritters

Excluded are passenger transport vehicles, grounds maintenance equipment (e.g. lawn mowers)

4.5 Key Risks

Please use the table below to outline the key risks identified during the planning process. Key risks should be identified and graded according to likelihood of occurring (Probability – High(H) /Medium (M) or Low (L) and seriousness (Impact – High, Medium or Low). You should also define how risks will be minimised (Mitigating Actions).

Risk No.	Risk Description	Probability (L/M/H)	Impact (L/M/H)	Mitigating Actions	Responsible Officer
1 / Open	Lack of engagement from authorities at senior levels	Medium	High	Launch to CEOs (Letter sent by Will Tuckley to CEOs) Comms Strategy Change Management	Ken Cole
2 / Open	Problems with getting agreement to specifications	Medium	High	Consultation Do not close off participation	Ken Cole
3 / Open	Lack of information at local authority level	High	Low	Offer assistance to local authorities	Ken Cole
4 / Open	Supplier resistance	Medium	High	Complete market analysis Early supplier engagement	Ken Cole

4.6 Project Key Milestones

Please indicate key milestones for the project in the table below:

No.	Project Stage or Phase	Key Milestone	Target Completion/Delivery Date	Responsible Office
1	1 – Research and Analysis	Delivery and sign off of Outputs 3/4/5 Delivery of Output 1 Output 2 – 50% completed Output 6 – Core specifications approved and procurement programme launched and to RFI stage	April 2010	
2	2 – Implementation	Population of Output 1 Output 2 – completed and signed off Output 6 – Contract Awarded	Sept 2010	
3	3 – Savings Delivery	Output 7 - launched	Oct 2010	

		Outputs 8 and 9 launched (subject to decision)		
--	--	---	--	--

Please attach a project GANTT chart that clearly shows activities and milestones throughout all phases of the project. NB This will be produced once the Project Manager has been appointed

5. Project Controls

5.1 Project Governance

Please provide a diagram showing the proposed governance structure if approved. There should be the minimum of a Project Sponsor, Project Board and Project Manager.

The Project will be overseen by two groups:

Steering Group

The Steering Group will be the strategic body promoting the project and taking major decisions. It will be chaired by the Sponsor and be responsible for:

- Ensuring the fulfilment of the project's business objectives
- Ensuring that the Project optimises allocated funding and stays within agreed budgets
- Endorsing the main outputs produced by the Project Delivery Team
- Providing active support in terms of helping remove obstacles and barriers to success
- Promoting the outcomes / outputs to the London public sector in order to maximise participation
- Giving advice to the Project Delivery Team where required

Project Delivery Team

The Project Delivery Team will be the operational body providing the project with direction and ensuring targets are met. It will be chaired by the Project Manager and be responsible for:

- Delivering all business objectives
- Ensuring the quality and timeliness of all project outputs
- Managing allocated resources
- Identifying and acquiring any third party resources
- Providing updates / reports to the Capital Ambition Project Office

Project Sponsor - Will Tuckley (CEO – L B Bexley)

The sponsor is responsible for chairing the Steering Group and 'championing' the project outcomes to the CEOs of London's local authorities.

Project Manager – *[to be appointed after first Steering Group – external appointment]*

The project manager will be a third party appointed contractor / consultant. He / she will attend the Steering Group and report to the Project Delivery Team. **Ken Cole** will hold this position until an appointment is made.

Steering Group Membership

Will Tuckley, Sponsor – CEO LB Bexley (Chairman)

Ken Cole, Capital Ambition – Commercial and Procurement Advisor

Will Laing, Office of Government Commerce - Head of Commercial Delivery – Fleet

Helen Catling, L B Merton, ALTO, Chair

Kevin Harlock / Laurence Faulkner, Kent Commercial Services (Representing Pro5)

Phil Clifford, St Edmundsbury DC / Public Authority Transport Network / Improvement East

James Rolfe, Society of London Treasurers

Dave Starling, LB Bromley, South London Procurement Group

Terry Brewer, CEO Firebuy

TBC, Project Manager

Project Delivery Team

TBC, Project Manager

Ray Cuthbert, L B Richmond, ALTO, Vice Chair

Eddie Cross, L B Redbridge, Engineering Manager

Other nominations from London Boroughs to be confirmed

Mark Pinheiro, OGC

5.2 Project Board Controls

Describe how the Project board will exercise its control over the project, referring to the project governance diagram as appropriate.

Meeting Frequency

The Steering Group shall meet four times a year at the London Councils offices or other suitable central location. The Project Delivery Team shall meet on an 'as and when required' basis. Meeting frequency will be determined by planning and outputs delivery.

Informal Checkpoint Meetings

The Project Manager will hold these as appropriate.

Highlight Reporting

The project manager will compile a monthly project highlight report using the standard Capital Ambition Project Highlight Report Template.

Escalation

The Project Manager will be responsible for referring all operational issues / problems that he/she cannot resolve to the Project Delivery Team for decision. Any issues that the Project Delivery Team is unable to resolve or which could threaten the ability of the project to deliver will be referred to the Steering Group for appropriate guidance and direction.

Any issues relating to:

- Likely overrun of budgets
- Inability of the Project to deliver its key objectives
- Change of scope / direction

will be referred to the Capital Ambition Project Office.

5.3 Day-to-Day Controls

Describe how the Project Manager will control the day-to-day running of the project.

The Project is relatively simple in its format and what it is seeking to deliver. We shall be recruiting a fully qualified project manager with experience and knowledge in this area. The above controls will be sufficient to ensure that the Project remains on track.

5.4 Monitoring Procedures

How will the project deliverables, costs and timescales will be tracked?

Through the use of the standard Capital Ambition reports and appropriate spreadsheets. The main one will be the Capital Ambition Monthly highlight report, due the first Friday of each month.

5.5 Project Reporting

Describe what reports will be produced for monitoring and control purposes.

We shall use the standard Capital Ambition Project Highlight Report template. A completed copy of this will be sent to all members of the Steering Group and Project Delivery Team. The Steering Group will be responsible for monitoring progress and resolving any issues.

5.6 Escalation Procedures	<p>The Project Manager will be responsible for referring all operational issues / problems that he/she cannot resolve to the Project Delivery Team for decision. Any issues that the Project Delivery Team is unable to resolve or which could threaten the ability of the project to deliver will be referred to the Steering Group for appropriate guidance and direction.</p> <p>Any issues relating to:</p> <ul style="list-style-type: none"> • Likely overrun of budgets • Inability of the Project to deliver its key objectives • Change of scope / direction <p>will be referred to the Capital Ambition Programme Management Office.</p>
5.7 Risk and Issues Management	<p>See 4.5. This will be a standard item on the Steering Group agenda.</p>
5.8 Measures of Success Please describe the measure(s) that will be used to indicate that the project has been successfully completed.	<p>The level of cashable savings delivered to each participating local authority measured against the up to 10% predicted.</p>
5.9 Communications Strategy How you will be managing project communications throughout the lifecycle of the project?	<p>We shall seek the services of Liz Watkins-Young an external specialist in this area who has done work for several other Capital Ambition projects to help us formulate our marketing and communications strategy. This will be done after the completion of the research and analysis phase.</p>
5.10 Lesson Learned	<p>Noted and agreed. A project closure report will be completed covering this item.</p>

5.11 Partner Authorisation

Please indicate approval and acceptance of this proposal by the Project Board and Partner organisations participating in this project.

No.	Organisation Represented	Name	Signature	Date
1	LB Bexley - Sponsor	Will Tuckley		
2	OGC	Will Laing		
3	ALTO / LB Merton	Helen Catling		
4	LB Enfield / SLT	James Rolfe		
5	Capital Ambition / Acting PM	Ken Cole		
6	Pro 5 Group	Kevin Harlock		
7	Public Authority Transport Network	Phil Clifford		
8.	Capital Ambition	Mark Pacey		

Thank you for completing this proposal.

We are happy to receive a copy by email to the Capital Ambition Programme Management Office – CA-PMO@londoncouncils.gov.co.uk

Please sign and send hard copy to (and for further information):

Capital Ambition Programme Management Office
Capital Ambition
London Councils
59½ Southwark Street
London
SE1 0AL

Signed.....Date.....

Print NamePosition.....

Before submission please ensure this proposal has the support of the Chief Executives of all joint-proposers, and where appropriate Elected Members.