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Refuse project sweeps up

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COUNCILS in AGMA have been given a refuse boost with a procurement project which has saved them around £684K.

Five councils jointly tendered for 50 refuse compaction vehicles (RCV) using a new Fleet Vehicles Framework– and exceeded their savings expectations.

In addition, the AGMA Vehicle Procurement Management Maintenance (VPMM) team, which led the project with support from the AGMA Procurement Hub, came up with a new concept which saved even more money on the cost of the vehicles.

They decided to procure the RCVs as three separate components – chassis, body and bin lift. This move increased competition and ensured that each component was evaluated on its own merit rather than as part of a complete vehicle.

The team leading the RCV tender used the new Fleet Vehicles Framework which has 42 suppliers across 37 categories/sub-categories of vehicles.

Around £42M worth of vehicles are likely to be procured via the framework until 2015 and the RCV tender was the first opportunity procurement professionals had to call off from the framework.

The VPMM team used the new framework to evaluate supplier capability and professional and financial standing of potential suppliers which cut out duplication of effort and reduced procurement timescales.

In addition, the team established the best common vehicle specifications across the five councils which means that if, in future, councils decide to share or collaborate on their refuse services, they will already have standardised vehicles to do so.

Following evaluation, the team staged a mini-competition with suppliers being given the opportunity to offer higher discounts than the minimum stated on the framework. E-auctions were also used as a way of gaining further price benefits.

Said Steve Hampson, VPMM project manager from Salford City Council: *“The savings achieved from the AGMA RCV mini-tender have exceeded all our expectations and also prove what can be achieved from collaborative working.”*

Headline news

- The five councils undertaking the joint tender for RCVs were Bolton MBC, Bury MBC, Oldham MBC, Rochdale MBC and Wigan MBC.
- The RCV procurement exercise has made savings across AGMA of 12% which is approximately £684K against prices previously paid for vehicles of equivalent specification. It includes savings of £115K which were gained by using e-auctions as part of the tender process.
- The local economy has been boosted as the chassis, body and bin lifts were awarded to three locally based suppliers.
- The use of standardised mini-competition documents, on-line tender evaluations and e-auctions to finally confirm prices all improved the consistency of the tender processes.
- Suppliers valued the 360° tender debrief meetings they were given.
- No commission or framework management charges will be levied on procuring authorities or framework suppliers.
- The VPMM Project is made up of AGMA members, associate members and other participating organisations.
- The Fleet Framework was let by Oldham MBC and the RCV mini-competition was led by Bury Council's Procurement and Transport Management Unit.
- The e-Auction was supported by Rochdale Council's Procurement Team.

What were the risks

Failure to co-operate and collaborate between the partners could have jeopardised the development of the framework – and the tender operation to buy the RCVs.

However, the excellent knowledge-sharing and partnership working by all participating transport managers and the VPMM project team resulted in best practice being applied across all councils, and the process has provided a firm basis for future collaborative initiatives and mini-competitions to buy light and heavy commercial vehicles, sweepers, gritters and technical vehicles in 2011-12.

Why was it a success?

One of the main factors contributing to the success of the project has been the improved transparency between the authorities and suppliers through the use of a pre-procurement feasibility consultation. During this consultation, framework suppliers were invited to comment on RCV specifications. This resulted in standardised specifications and a greatly improved ability to make meaningful comparisons between tender submissions.

“The development of a shared specification for RCVs across AGMA is a real achievement for the Vehicle Procurement Management Maintenance team. We've gained a range of benefits including realising significant savings, increasing market competition, which has driven down price, and supporting local suppliers.”

Jo O'Neill

Procurement Manager
AGMA Procurement Hub

Oldham MBC's Procurement and Transport Management Units will manage the Framework with support from the VPMM Project Office and the AGMA Procurement Hub.

Contact

Wayne Welsby

AGMA Procurement Programme Manager

Telephone: 0161 912 4597

Email: wayne.welsby@trafford.gov.uk