

## **Divisions Affected – All Divisions**

### **Delegated Decisions by Cabinet Member for Finance**

**12 July 2024**

### **Vehicle Hire Solutions**

#### **Executive Director of Resources and Section 151 Officer**

### **RECOMMENDATION**

**1. The Cabinet Member is RECOMMENDED to**

Authorise the Director of Property and Assets to award, following completion of a compliant procurement process, new contract(s) for vehicle hire to support staff business travel needs across the County Council.

### **Executive Summary**

2. Oxfordshire County Council (OCC) operates a fleet of approximately 400 leased and owned vehicles, deployed across services. In addition to these more 'permanent' vehicles, there is an ongoing, daily need for hire car use, to enable staff from multiple services to carry out their various duties. This ranges from contracts managers carrying out site visits with suppliers to social workers undertaking statutory visits outside of the county boundary. Vehicles are hired on a short to medium term basis, using an online portal (currently provided by Enterprise Mobility Ltd), accessible to all staff.

Future plans are to suppress the level of short term spot hire car use, through provision of a wider menu of options for staff across services, including dedicated and shared pool cars as well as car clubs, in addition to encouraging staff to consider public transport use and active travel options. These additional options (pool cars and car clubs) are under development and early implementation and are not yet at the stage to reduce staff demand for hire cars.

Currently, the Council is out of contract and on a 'rolling' arrangement with Enterprise Mobility Ltd.

The key aims and objectives are therefore to put in place a compliant and value for money contract, as soon as possible and to improve quality and reduce spend, through optimised arrangements.

## Overview

3. Council staff have an ongoing, daily operational need to access hire vehicles to undertake their duties both within and beyond the county boundaries. While other forms of mobility are promoted and available (and others under development), hire car use is a key element of current provision for services, accessible to all staff through an online booking portal hosted by Enterprise. The value of bookings is currently approximately £350,000 per annum.

The contract with Enterprise has expired and, as such, the Council urgently needs to put a compliant and more cost effective value for money arrangement in place with a supplier or suppliers to meet the continual demand for hire vehicles across services.

Moving forward, any online booking portal provided by a supplier would be managed by Vehicle Management Services (VMS) and VMS staff would monitor use by colleagues and liaise with the supplier(s) to ensure quality of delivery and value for money. This would be much more proactive management than has been the case with the hire car arrangements historically. It will also mean we can drive efficiencies and rationalise use (types of vehicles hired, durations, pre-existing damage control, on hire/off hire liabilities), giving the Council a much better commercial deal than has previously been the case.

We can also begin to stipulate electric vehicle provision and use, which has not been the case previously, to contribute to our decarbonisation targets, year on year, to 2030. This aligns with our overall fleet strategy, with its 'electric by default' mantra.

The need for this vehicle hire solution exists across the Council. It will be managed by VMS but helps ensure business continuity and service delivery countywide, across all services.

## Financial Implications

4. Currently, hire cars are arranged by individual staff members, booking through the online Enterprise portal. The cost of hire cars is applied to individual services across the Council, on a use-by-use basis, rather than from a single central budget. Damage control is managed by VMS and where 'at fault' damage is agreed, the cost is applied to the respective service. Moving forward, VMS will manage the booking portal provided by the supplier, centrally. This will improve visibility and transparency of bookings, nature of use, hire durations, pre-existing damage risks and other on hire/off hire liabilities.

The monthly rental charges due to the supplier will be paid by VMS. The budget holder is The Head of Service for VMS, The Head of Business Services and Operations for Property. VMS will then cross-charge the

respective service, with a management charge added. The spend has been approved by the VMS senior leadership team.

The existing approximate annual spend with Enterprise is £350,000. It is anticipated that with centralised management of bookings and proactive cost management, a closer working relationship with the supplier and more scrutiny on charges applied – including pre-existing damage and on hire/off hire liabilities, as well as with other mobility options becoming available to suppress hire car demand, that this figure will reduce.

Expected direct costs (estimated) - composite monthly for hires across all services paid by VMS and recovered	Expected direct costs (estimated) - composite annual 12 months figure for hires across all services	4 years total expected direct costs (estimated) - composite figure across all services
£29,166.67	£350,000	£1,400,000

Monthly direct costs will be paid by VMS, with the services then incurring a monthly on-charge consisting of the direct hire cost plus a VMS management charge, for looking after all bookings and contract management. The VMS on-charge percentage is to be agreed. The principle of the VMS on-charge, as VMS acts as an internal lease company, is covered in the One Fleet Vision paper and supporting models produced and applied (initially at year end 2023/24) by Finance team.

Cost savings are expected to be realised through this procurement, compared to the existing arrangement, by securing commercial rates and more proactive centralised management of bookings and hire vehicle use, which will cover the VMS on-charge percentage.

Risk through the hire arrangement is expected to be low on an ongoing, business as usual basis. Risk of over-inflated damage charges and those for pre-existing damage at time of on hire will be scrutinised proactively, through the centralised VMS role. This will further drive down risk.

Budget vs spend comparison is not possible in this instance as services across the Council will make use of this contract on an ad hoc basis. The nature of vehicle hire as opposed to lease or purchase, is that it is unplanned and short notice, however it is expected that individual services will continue to use their existing budget arrangements to fund use of the contract.

The centralised model will aim to reduce this unplanned/ad hoc use of vehicle hire and instead utilise staff usage data to implement longer terms solutions such as car clubs, lease and purchase. These solutions will go through their own governance process where budget can be scrutinised accordingly.

Comments checked by:

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## Legal Implications

- The procurement process will be conducted in compliance with the Contract Procedure Rules and the Public Contracts Regulations 2015.

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## Staff Implications

- The procurement process to secure the vehicle leases will involve procurement team working with VMS. Once procured, the vehicles will be managed by staff from VMS with the Services (across the Council) acting as internal customers. There will be ongoing communication between VMS staff and staff members from the Services. Day-to-day use of the vehicles will occur within the Services. Asset management will be provided by VMS staff.

## Equality & Inclusion Implications

- There are no noteworthy equality and inclusion implications from this procurement.

## Sustainability Implications

- This procurement presents positive sustainability implications in that the new arrangements will stipulate provision of electric vehicles, in full alignment with our fleet decarbonisation plans.

## Risk Management

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Risk	Impact	Likelihood	Mitigation
Procurement timeline slip	New contract(s) not in place, leaving Council and services without compliant hire vehicles for statutory duties	Possible – current position is non-compliant and Council is currently at risk without valid contract in place	Pre-planning/drafting of documents etc. Pre-engagement with award report signatories to avoid delay. Effort to expedite contract tendering to bring

			Council out of exposed risk position
Low bidder response	Insufficient interest from the market to ensure provision of hire vehicles required	Possible but unlikely as multiple hire companies have expressed interest	Liaison (not in breach of procurement regs) with market and soft market testing of interest and awareness of procurement timescales and programme

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SLT Member

Annex: Nil

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