

CABINET SCRUTINY COMMITTEE – 23 APRIL 2008

Issue:	Outsourcing of Delivery Services Beyond the Boundaries of Kent
Document attached:	Briefing Note from the Commercial Services Director – Attached.
Purpose of Consideration:	To examine the process of the Outsourcing of Delivery Services beyond the Boundaries of Kent
Possible Outcomes:	The Committee may either make:- (a) no comments or (b) make suggestions to the Cabinet Member and the Commercial Services Director.
Previous Consideration:	None
Background documents:	None

Briefing note for Scrutiny Committee 23 April 2008

Outsourcing of delivery services beyond the boundaries of Kent

Background

Traditionally Kent County Supplies, a business unit within Commercial Services, provided stock from its warehouse at Kings Hill, West Malling to schools and other public bodies within the geographical boundaries of Kent.

Over the years that distribution network widened to include the immediate neighbouring county of East Sussex, and the London Boroughs of Bexley and Bromley. The business has, however, grown over the last two or three years, commensurate with the requirement for an increased dividend to KCC, to include supply to a much increased geographical area. This now extends to West Sussex, Surrey, Bath, Gloucestershire, London in general and south Essex.

Rationale for decision

Against this recent backdrop it is now uneconomic, inefficient and environmentally irresponsible to ship out stock from West Malling to this wider area using KCC's own vehicles and drivers.

In addition, at peak times of the year the increased business has exceeded in-house capacity and agency drivers have had to be employed to cover the excess. As a result KCS's service levels fall dramatically due to lack of commitment, with no real contractual redress, inefficiencies occur due to the high levels of induction, training and instruction which are required, increased damage occurs to vehicles and there may be an impact on repeat business. It is also an expensive option.

Due to the increased business the warehouse 'picking' and 'loading-bay' activities have generally reached capacity.

In August 2007, in accordance with the business plan objectives to increase efficiency and increase the dividend to KCC from KCS the business looked at ways to:

- Reduce cost of shipping to territories beyond Kent whilst retaining traditional drivers within Kent.
- Identify any environmental impact from outsourcing.
- Increase 'picking, packing' and 'loading bay' capacity.

A series of meetings commenced under KCC procedures with Trade Unions and all affected staff and alternative proposals were considered. As a result, the in-house service has been retained not only for Kent but also the London Boroughs of Bexley and Bromley. Legal advice was taken which confirmed that the Transfer of Undertaking (Protection of Employment) Regulations were likely to apply. In addition, the attention of affected staff was drawn to any suitable vacancies during the tender process.

Conclusion

Tenders were received and the evaluation confirmed the most economic, efficient and environmentally friendly mode of delivering goods from West Malling to geographical areas beyond Kent, Bromley and Bexley, which also enables a double shift option creating additional picking and loading bay capacity, was via a third party carrier.

Kevin Harlock
Commercial Services Director
15.4.08