

From: Susan Carey, Cabinet Member for Commercial and Traded Services

John Burr, Managing Director; Commercial Services

Andy Wood, KCC Corporate Director for Finance and Procurement (Section 151 Officer)

To: Policy and Resources Cabinet Committee – 8 March 2017

Decision No: 1/000719

Subject: Renewal of the contract with Kent Fire Rescue Service (KFRS) for the servicing, repair and maintenance of vehicles and equipment

Classification: Unrestricted (Appendix 2 exempt)

Past Pathway of Paper: Shareholder Board

Future Pathway of Paper: Key Decision – Susan Carey

Electoral Division: County Wide Contract

Summary: The purpose of this report is to seek agreement from KCC to continue with its current arrangement between Kent Fire Rescue Service and KCC for the servicing, repair and maintenance of their vehicles and equipment, delivered through the Commercial Services Core business. The existing SLA will be refreshed as part of this agreement.

Recommendation(s):

The Cabinet Committee is asked to consider and endorse the proposed Key decision of the Cabinet Member for Commercial and Traded Services to have a contractual arrangement with KFRS and to task the servicing of the contract to Commercial Services.

1. Introduction

1.1 In some form, directly or indirectly, Kent Fire Rescue Service (KFRS) have had an arrangement with KCC for the servicing, repair and maintenance of their vehicles and equipment dating back to 1986. The current iteration of the contract is delivered by Commercial Services and is due to expire on March 31st 2017.

1.2 In light of this, KFRS have been working on a revised version of the contract ready for implementation from the 1st April 2017, and would like to continue with the current arrangement which is delivered by Commercial Services (under the revised agreement).

1.3 The current arrangement will continue to be delivered by one of the Commercial Services Group of companies, taking advantage of the Teckal arrangements (a procurement exemption which allows KCC to award to Commercial Services, the delivery aspect of the contract without the need to tender the opportunity).

1.4 The turnover for the current arrangement is approximately £650k per annum and is likely to continue at this rate within the new contract, the duration of which is five years with a possible extension of one and one years (ie. 5 + 1 + 1 = 7).

1.5 KFRS have a good relationship with KCC and Commercial Services and have been long standing partners.

1.6 A key decision is required in order for KCC to enter into the contract with KFRS, given the financial value is in excess of £1 million for the term of the contract.

2. Financial Implications

Please refer to Appendix 2 (Exempt document).

3. Policy Framework

3.1 This decision supports the closer working of the wider public sector, and facilitates closer collaboration between KCC, KFRS and Commercial Services. It also supports the Commercial objects of the Council and its wholly owned Company (Commercial Services).

4. Contract Scope

4.1 The scope of the contract has been defined by KFRS as all necessary routine and remedial repair and maintenance required in respect of all KFRS assets (as per the KFRS fleet list).

5. Contract Mechanism

5.1 Should the contract be agreed, the contractual mechanism will continue to be a Service Level Agreement (SLA) between KFRS and KCC, and Commercial Services (Core) will deliver the work on behalf of KCC.

5.2 The contract duration will be five years with a possible extension of one plus one years to a total of seven. The intention is to allow both parties to break the contract on serving 12 months' notice. This is deemed to be sufficient for current operational and business needs.

5.3 Commercial Services have reviewed the revised SLA and have compared the current document with the new to identify what changes have been made with no significant changes identified.

6. Key Performance Indicators

6.1 There are five KPI's in the SLA that have no financial penalties attributed but do include a clause whereby persistent default of the KPI's (defined as three events within a six month rolling period) would give the client (KFRS) the right to terminate the arrangement with one month's notice.

7. Residual Risks

Risk	Mitigation
There is a reputational risk to KCC and Commercial Services should the agreement not go ahead. This is a long-standing agreement between KFRS and KCC. Additionally, other areas of the Commercial Services Group also provide services to KFRS including Energy and KCS, which should the agreement not go ahead, may have a detrimental effect on those areas.	Early communication with KFRS on the decision to proceed or not.

8. Conclusions

8.1 The new arrangement is effectively a continuation of the current arrangement and therefore carries minimal risk.

8.2 There is a reputational risk to KCC and to Commercial Services should the new arrangement not go ahead.

8.3 There is also a reputational and potential turnover risk for Commercial Services elsewhere in the business, should the new arrangement not go ahead, as KFRS are a significant customer with both KCS and Energy.

9. Recommendation(s)

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The Cabinet Committee is asked to consider and endorse the proposed Key decision of the Cabinet Member for Commercial and Traded Services to have a contractual arrangement with KFRS and to task the servicing of the contract to Commercial Services.

10. Appendices

Appendix 1 - Proposed Record of Decision

Appendix 2- Commercial and Financial Evaluation - Exempt

11. Background Documents

11.1 Service Level Agreement

12. Contact details

Report Author:

- John Burr, Managing Director,
Commercial Services
- 07860 593368
- John.burr@commercialservices.org. uk

Relevant Director:

- Andy Wood, KCC Corporate
Director for Finance and
Procurement (Section 151
Officer)
- 03000 417936
- Andy.wood@kent.gov.uk