



SERVICE LEVEL AGREEMENT

for

FLEET MANAGEMENT

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1.0 DEFINITIONS

ATS = Associated Tyre Services

Budget Holder = Person bearing cost of vehicle if different from customer

CBC = Central Buying Consortium

CNG = Compressed Natural Gas

Customer = Users or user departments of the Vehicle

LPG = Liquefied Petroleum gas

MEAT= Most Economically Advantageous Tender

OJEC = Official Journal of the European Communities

NAME OF SERVICE GROUP : TRANSPORT

2.0 SERVICE GROUP DESCRIPTION

2.1 Scope and Objectives

The Council require the Partner to attain the following objectives set out below and more clearly specified throughout this document.

The objective of the service is to ensure that the Council's own vehicle and machine fleet minimises environmental damage, provides vehicles and machines suited to users needs, continues to be competitive with other providers and external contracts are managed effectively

The Service Area covered within this SLA agreement is The Management of the Fleet within Milton Keynes.

Covered within this area are the following areas:

- Procurement of Fleet Vehicles and machines
- Performance Management
- Contract Management of External Contracts

The objective of the service is to ensure that Fleet Vehicles are procured in the most cost effective manner that reduces hire charges to end users.

A further objective is the introduction of performance indicators that demonstrate that both price and quality criteria are being achieved.

2.2 Exclusions

Not included within the scope of this agreement are the following areas that remain under the control of Milton Keynes Council:

1. All issues surrounding Policy creation regarding Fleet Management. This would include any current or new initiatives such as:

- Any scheme that further increased the use of less environmentally damaging fuels
- The introduction of a revision of the charging scheme to encourage journey reduction
- Developing a strategy to reduce accident claims

2. Procurement of Repair and Maintenance Contracts

3. Any interface between Fleet Management and the DSO Workshop

4. Holding of the Operators Licence for Large Goods Vehicles

(Whilst the Partner may be asked to offer practical advice regarding policy creation the final decision rests with the Council)

3.0 SERVICE REQUIREMENTS

Service Activity	Procurement, Performance Management and Contract Management of external contracts
Sub Activity/Service	Acquisition of vehicles and machines for Fleet Hire to services within Milton Keynes Council and external users. Performance management. Contract management of External Contracts.
Authorisation	In consultation with the Council
Service Description	<p><i>The Partner will be required to undertake the following:</i></p> <p>Liaison with end users of vehicles and machines to determine customer/budget holders requirements whether new or replacement;</p> <p>The organization of demonstration vehicles/machines to ensure customer/budget holders satisfaction</p> <p>After agreement with customer the drafting of a contract specification ensuring MKC Financial Regulations are complied with and showing special regard to:</p> <p><i>ensuring that vehicles and machines are procured that have regard to the environment by reducing emissions now, and plan for greater reductions in the future;</i></p> <p><i>ensuring wherever possible the use of LPG vehicles/machines</i></p> <p><i>ensuring that all other environmentally friendly options i.e. CNG and electric vehicles and machines are considered</i></p> <p>Agreement of specification of vehicle and machines with customer/budget holder and end user</p> <p>Ensuring that written approval is received from the budget holder. This is to ensure that written documentation is accessible for auditing purposes</p> <p>Invitation of tenders ensuring that the specification meets European Standards and is advertised through OJEC, CBC or any other supply route</p> <p>If the vehicle and machine is a replacement ensuring that the cessation of existing leasing arrangements are dealt with, including return of vehicles and machine to lease company or sale through auctions</p>

	<p>In accordance with MKC Financial Regulations the drafting of all pre contract questionnaires and tender documentation for the procurement of vehicles and machines, including conditions of contract</p> <p>The submission of pre contract questionnaires to all suppliers that respond to the OJEC notice</p> <p>Undertaking evaluation of pre contract questionnaires and the selection of suitable applicants who satisfy all relevant criteria</p> <p>Applying the criteria to be used within the MEAT evaluation i.e. Price, Quality, Health and Safety, Environmental Issues and determining their weighting as determined by the Council etc.</p> <p>The submission of all tender documentation to potential bidders including MEAT evaluation documentation</p> <p>Answer and resolve any queries received by potential bidders in relation to vehicle and machine specification</p> <p>Prepare Cabinet report paper in line with Councils Standing Orders and Forward Planning requirements, seeking permission to tender and to place order with successful bidders</p> <p>The maintenance of a select list of potential bidders</p> <p>Undertaking evaluations of tender submissions using MEAT evaluation process</p> <p>Recommend to Council the most cost effective options for vehicle/machines submitted through the tender process</p> <p>Gain written approval from the budget holder to acquire the agreed vehicle and machines</p> <p>Provide appropriate documentation to the Council to enable purchasing of vehicle and machines</p> <p>Undertaking delivery inspections of vehicles and machines to ensure compliance with tender specification prior to handing over to Council. Ensure correct MKC logos are fitted to vehicles and machines</p> <p>Maintain a range of performance indicators as requested by the Council</p> <p>Monitoring comparative costs of vehicle/machines against</p>
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	<p>peer group organizations to ensure MKC receives Best Value</p> <p>To act as the Councils adviser regarding the appropriate form of acquisition i.e purchases, contract hire, leasing or any other alternative means</p> <p>Contract Management of all external contracts operated by MKC Transport Department. Currently vehicle repairs through Brian Currie Ltd and tyre repairs through ATS Tyre and any other associated contract MKC Transport Department may enter into</p> <p>To undertake any other function relevant to the core service as requested by the Councils Strategic Client. e.g. Machinery and Driver operator training</p>
Inputs Definition	<p>To assist the Council strategic client provide the following to enable effective procurement and performance management</p> <ul style="list-style-type: none"> • Access to a regular up to date vehicle/machines inventory • Information regarding complaints or problems associated with vehicles/machines • Access to vehicle/machinery maintenance documentation • Access to service and maintenance history • Database of different fuels by each vehicle and machine • A database of all potential suppliers of vehicle/machines currently used by MKC • Access to default report records • Access to any IT software relevant to the delivery of the service • Access to relevant staff • Access to Technical support staff (Admin)
Outputs Definition	<p>Liaison with suppliers of vehicles and machinery to ensure customers receive demonstration vehicles and machines to assist selection process</p> <p>Specifications for vehicles and machines that comply with financial regulations and conform to environmental issues identified in service description</p> <p>Written agreements from users of vehicles and machines to authorise budgetary expenditure</p> <p>An invitation to tender that complies with all Council</p>

	<p>regulations and European Standards</p> <p>Pre tender questionnaires that establish clear financial, quality, health and safety, equalities and environmental suitability</p> <p>A tender document that uses MEAT evaluation as a basis for determining cost effectiveness</p> <p>The effective resolution of all queries from potential bidders</p> <p>A database of all potential bidders</p> <p>The transparent evaluation of all pre tender questionnaires and evaluation of all tenders</p> <p>Maintenance analysis by vehicle and machine category</p> <p>Cabinet reports that make clear recommendations to members regarding the purchase of vehicles and machines and seek their approval to proceed to tender and purchase</p> <p>Exemption records on vehicles and machines falling outside performance limits</p> <p>Effective contract management of external contracts i.e Brian Currie, ATS Tyres plus any other Transport that may be entered into by MKC</p> <p>Provision of a wide range of performance monitoring standards to enable strategic policy decisions to be made about future fleet requirements. Moreover an on-going process of the following;</p> <ul style="list-style-type: none"> • A detailed comparison exercise on vehicle availability and contract hire with other organisations and local authorities on an annual basis • With reference to local agenda 21 an examination of the use of alternatively powered vehicles and associated environmental issues • Production of a five year continuous improvement plan to enable effective strategic policy decision making • Other than the ones already stated establish benchmarks and performance indicators in conjunction with other authorities • A database of customer comments on vehicle and machine types and usage
Performance Standards	<p>Establish and produce a whole series of performance measures aimed at supporting continuous improvement.</p>

	<p>These to include at a minimum:</p> <p><i>Analysis of Whole Life Costs:</i></p> <ul style="list-style-type: none"> • The provision of a range of data that enables MKC to make more accurate decisions regarding whole life costings e.g fuel consumption, tyres, depreciation, maintenance, insurance etc. • Provide information regarding specified cost per mile of vehicle/machines to enable comparison based on whole life costs • To provide specified vehicle miles per gallon/litre • To provide an analysis of fuel costs per mile in accordance with specification • Number of complaints • Complaints per vehicle <p>Develop similar comparative approach for machinery costings</p>
Comments	<p>The overall objective of the SLA agreement is to ensure that the mechanism for fleet procurement demonstrates improvement in terms of cost through increased efficiency and effectiveness over the lifetime of the partnership arrangement. Also to ensure all external contracts are effective through rigorous performance management</p> <p>Currently the split of functions recognized in the scoping document accounts for a percentage of one person's workload. The remainder forms activities that support the DSO and other services which are not in scope. A mechanism to resolve this conflict will have to be identified prior to agreement.</p> <p>This SLA covers all the technical requirements of the procurement of fleet vehicles. Any changes in procurement policy and procedure will be covered by the overall procurement SLA under the direction of the Contracts Unit</p>

4.0 PERFORMANCE LEVELS TABLE

The key service requirements from the Service Requirements section should be captured in a Performance Levels table and linked to appropriate Key Performance Indicator (KPIs).

Ref No.	Key Performance Indicator	Monitoring Period	Weighting/ Priority	Minimum Performance Level									
				Date / Period									
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
A	Management Information												
A1	No of Complaints per vehicle/machine type	Annually	High	3	3	3	2	2	2	1	1	1	0
A2	No of breakdowns per light vehicle per year	Annually	Medium	6	6	6	5	5	5	4	4	4	3
A3	No of breakdowns per heavy vehicle per year	Annually	Medium	10	10	10	8	8	8	6	6	6	6
A4	No of breakdown per machine per year	Annually	Medium	20	20	20	16	16	16	16	12	12	12
A5	Gain written approval from customers prior to starting tender process	Annually	Medium	100%	100%	100%	100%	100 %	100%	100%	100%	100%	100%
A6	Gain written approval from customers prior to dispatching orders for procurement	Annually	Medium	100%	100%	100%	100%	100 %	100%	100%	100%	100%	100%

A7*	Monitor lead times from order to delivery of vehicle by category	Annually	Medium	Aver of 18 weeks	Aver of 18 weeks	Aver of 18 weeks	Aver Of 16 weeks	Aver Of 16 weeks	Aver Of 16 weeks	Aver Of 14 weeks	Aver Of 14 weeks	Aver Of 14 weeks	Aver Of 14 weeks
A8*	Monitor lead times from order to delivery of machine by category	Annually	Medium	Aver of 18 weeks	Aver of 18 weeks	Aver of 18 weeks	Aver Of 16 weeks	Aver Of 16 weeks	Aver Of 16 weeks	Aver Of 14 weeks	Aver Of 14 weeks	Aver Of 14 weeks	Aver Of 14 weeks
A9	Maintenance cost per vehicle by category	Annually	Medium	As per current cost	As per current cost	As per current cost	10% reduct of costs	10% reduct of costs	10% reduct of costs	10% reduct of costs	10% reduct of costs	10% reduct of costs	10% reduct of costs
A10	Average age of vehicle/machinery by category	Annually	Medium	As per current lifespan	As per current lifespan	As per current lifespan	10% life extension	10% life extension	10% life extension	15% life extension	15% life extension	15% life extension	15% life extension

* Lead times vary according to type of vehicle/plant. A mean average has been provided