

Report of: **Executive Member for Environment and Transport**

Meeting of:	Date	Ward(s)
Executive	13 7 17	All

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## **SUBJECT: Procurement Strategy – Fleet Replacement Programme**

### **1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Fleet Vehicle Purchases in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 To purchase vehicles for Islington's fleet in order to replace hire and leased vehicles with more fuel efficient, more environmentally sound, reliable vehicles. This will reduce revenue expenditure, fuel and running costs. This strategy covers the two year period up to April 2019.

### **2. Recommendations**

- 2.1 To approve the procurement strategy for the continuation of the fleet replacement programme, as outlined in this report.
- 2.2 To delegate authority to award contracts up to April 2019 to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport.

### **3. Background**

- 3.1 The Council operates a fleet of approximately 415 vehicles across all Council Departments. Many fleet vehicles have been purchased since 2013, enabling the replacement of vehicles previously owned and operated by Enterprise for waste services, and the purchase of housing repair vans after the contract with Homes for Islington ended. New vehicles for Accessible Community Transport and Parks have also been purchased in the past three years, as well as replacement of long term hire vehicles across all Departments with Council owned fleet.
  - There remain approximately 70 vehicles that need to be replaced.

- These 70 vehicles consist of a further 16 refuse vehicles. 11 Accessible Buses for Adult Day Centres and other specialist vehicles.
- Existing Framework agreements in place via The Procurement Partnership Ltd (TPPL) expire as follows: Coaches and Buses in May 2017, Heavy Goods and Specialist Vehicles in October 2017, Cars and Light Commercial Vehicles in 2019 (see below under 3.4).

### 3.2 Estimated Value

- It is estimated that a minimum of £5.7 million of Capital funding will be required to purchase the remaining vehicles to enable Islington to have a modern and efficient fleet.
- It is also estimated that a further £2 million will be required per annum from 2019 to ensure the fleet is replaced as vehicles reach the end of their expected lifespan.
- In the four years of the fleet replacement programme, a total of £13.4 million has been spent or committed.
- £3 million has been included in the medium term financial strategy (MTFS) for vehicle procurement in the 2017/18 financial year, which will enable around half of the remaining vehicles to be purchased. There is annual capital allocation for fleet built into MTFS assumptions from 2018/19 onwards which will be sufficient to cover a rolling programme of fleet replacement.
- A review is also being undertaken of the entire fleet to verify that the existing number of vehicles is actually required for all of the services the Council runs.
- The cost of hired and leased vehicles was £984,000 in 2015/16 and £1,050,000 in 2016/17. Much of this expenditure will be eradicated in future years through the recent vehicle purchases. The Council's dependence on hired and leased vehicles will end with the procurement of the remaining vehicles required.
- The preferred purchase of electric, hybrid or alternative fuelled vehicles will add a premium to the purchase price of each vehicle. In the case of Refuse Vehicles and Accessible buses this would be in the region of £100,000 per vehicle. The estimated £5.7 million given in this report is based on existing costs for diesel vehicles only.

### 3.3 Timetable

- The Council Fleet must be compliant with the requirements of the Ultra Low Emission Zone (ULEZ) being introduced by Transport for London at the proposed date of 8<sup>th</sup> April 2019,
- There are no statutory deadlines relating to this proposal but a modern fleet will assist the Council to meet the requirements of its Operators Licence.

### 3.4 Options appraisal

- Vehicles are purchased through The Procurement Partnership Ltd (TPPL) Framework Agreement and it is proposed that this continue.
- Preliminary discussions have taken place with Camden Transport Managers about the possibility of utilising Camden's Compressed Natural Gas (CNG) fuelling station, in the event that Islington purchases any CNG powered vehicles.
- Many of the vehicles that could be powered by CNG including Refuse Vehicles and the Accessible Bus fleet are required to operate on a daily basis and it is essential that the supply of fuel and viable alternative providers of fuel could be guaranteed.

Details relating to the TPPL frameworks to be used are as follows:

#### **a) Hertfordshire County Council (HCC) Vehicle Procurement Framework (Covering Cars, LCV's, MCV's, Sweepers, Plant & Grounds Maintenance equipment):**

- **Contract Notice** - Contract notice HCC
- **Contract Award Notice** - Contract Award Notice HCC - 2015-OJS099-179555-en

#### **b) Bath and North East Somerset Heavy Goods and Specialist Vehicle Procurement Framework:**

- **Contract Notice** - HGV framework contract notice - 2013-OJS146-253373-en
- **Contract Award Notice** - HGV framework contract award notice FINAL

**c) Bath and North East Somerset Bus and Coach Procurement Framework (Currently out to tender):**

- **Contract Notice - 2017-OJS106-212142-en**

This Framework Agreement for Buses is in the process of being replaced following expiry of the previous Bus Framework in May 2017. The new Framework Agreement is currently out to tender with a closing date of 4<sup>th</sup> July. The framework is expected to be awarded and available for use from the middle of July 2017.

3.5 Key Considerations

- The purchase of fuel efficient and low emission vehicles will have a positive impact on both the young and elderly in Islington
- A review of the current fleet in terms of the actual number of vehicles and the utilisation of those vehicles is being undertaken. A reduction in the overall size of the fleet would reduce congestion, may enable services to operate more efficiently and reduce revenue costs. The majority of the 70 vehicles required are still necessary however, as they are specialist vehicles and will replace vehicles that have been in the fleet for 10 years.
- The primary considerations with regard to the procurement of vehicles is that they offer the Council the best value and maximum utilisation to deliver efficient services. That will benefit all residents in the borough and will minimise the impact on the environment.
- There are no TUPE, Pensions and Staffing implications.

3.6 Evaluation

All new vehicles will be purchased through the existing TPPL Frameworks and as there are different types of vehicles required, there will be no single tender process to cover all purchase under this procurement strategy. Larger purchase however will be subject to evaluation based on 40% price, 20% specification, 20% delivery and 20% after sales/warranty.

3.7 Business Risks

- There are no particular business risks associated with this procurement.
- The purchase of modern vehicles compliant with the ULEZ will reduce the environmental impact on service users and residents.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The purchase of a modern Council vehicle fleet See paragraph [3.1 ]
2 Estimated value	The estimated financial requirement is £5.7 million across 2017/18 and 2018/19, with a further requirement of up to £2 million per annum to maintain a modern fleet.

3 Timetable	There is £3 million available in the 17/18 financial year to purchase new vehicles. Priority will be given to replace hired and leased vehicles and older diesel vehicles that will not meet the requirements of the ULEZ.
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The procurement process will be dependent on the overall value of the proposed purchase. All vehicle purchases will be made through the TPPL framework and be compliant with Council Standing Orders.
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	N/A
6 Evaluation criteria	Larger purchases are evaluated on 40% price, 20% specification, 20% delivery and 20% after sales/warranty
7 Any business risks associated with entering the contract	There are no particular business risks associated with this procurement and new vehicles should enhance service provision
8 Any other relevant financial, legal or other considerations.	The environmental impact of the Council operating a large fleet of vehicles is a significant consideration.

#### 4. Implications

##### 4.1 Financial implications:

The estimated cost to purchase vehicles will be funded from capital resources earmarked for fleet replacement. Anticipated savings in hire costs will be factored into revenue budgets as part of the medium term financial strategy budget process.

##### 4.2 Legal Implications:

The Council may purchase fleet vehicles as are necessary for the proper discharge of its functions under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council has power to purchase fleet vehicles under the General Power of Competence set out in section 1 of the Localism Act 2011. Such purchases are not subject to any other statutory provision. The Council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £2 million using revenue money and over £5 million using capital money (Council's Procurement Rule 16.2).

The proposed contract is a contract for the supply of goods. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £164,176.00 for goods contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £164,176.00 to be subject to competitive tender.

The proposed procurement strategy is to use frameworks established by The Procurement Partnership Ltd (TPPL), details of which are set out in paragraph 3.4. These frameworks have been procured (or are in the process of being procured) in compliance with the Public Contracts Regulations 2015 and OJEU advertisement and they are available (or will shortly be available) for use by the council as proposed in the report. Therefore the council may purchase vehicles from suppliers appointed to these frameworks in accordance with the provisions set out in the frameworks and associated call-off conditions.

In deciding whether to award specific contracts the Corporate Director for Environment and

Regeneration should be satisfied as to the competence of the supplier to provide the goods and that the contract prices represent value for money for the Council.

#### 4.3 Environmental Implications

Following a motion to Full Council in November 2009, we are now committed both to reducing borough-wide carbon emissions by 40% by 2020 and to reporting on the energy implications of all Council plans, policies and programmes. The Council is responsible for around 5% of the borough's emissions, and through our services we have a significant impact on the emissions from our partners, businesses and residents. To meet these targets the Council needs to play a leading role, both reducing our energy consumption and enabling our community to make the transition towards a low carbon society.

There is growing evidence of the impact, pollution from CO2 and NOx from vehicles has on health, especially the young and the elderly. The purchase of new vehicles will reduce carbon emissions due to more fuel efficient and cleaner engines. The minimum requirement must be diesel 6 engines which will also meet the requirements of the Transport for London Ultra Low Emission Zone. Wherever possible alternative powered vehicles will be procured, including electric or hybrid vehicles.

#### 4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

No adverse impacts on residents have been identified, with the positive outcomes of more reliable Council services, and reduced vehicle emissions contributing to better air quality.

### 5. Reason for recommendations

- 5.1 The Council requires a modern fleet of vehicles to carry out its statutory functions and to be compliant with forthcoming legislation (ULEZ). New vehicles will reduce the dependency on hired vehicles and reduce overall vehicle costs for fuel, maintenance, repairs and mileage across the full life of this fleet.

#### Appendices - none

Final report clearance:

Signed by:



3 July 2017

Executive Member for Environment and Transport      Date

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