



## Key Decision Report of the Corporate Director of Environment and Regeneration

<b>Officer Key Decision</b>	<b>Date:16/05/2019</b>	<b>Ward(s): All</b>
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<b>Delete as appropriate</b>		Non-exempt
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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 Replacement Programme over the next two years in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 In the case of all asset types, vehicles with the lowest possible emissions that can practically be used for the functions required will be sought.  
In order of preference, this will be as follows:
  1. Electric
  2. Electric/Petrol Hybrid
  3. Euro 6 Petrol
  4. Euro 6/VI Diesel

### **2. Recommendations**

- 2.1 To approve the procurement strategy for the continuation through 2019-2021 of the fleet replacement strategy as outlined in this report.

### **3. Date the decision is to be taken:**

3 June 2019

### **4. Background**

4.1 The Council operates a fleet of approximately 500 vehicles across all departments, of which around 450 are owned assets. Whilst significant investment and progress has been made over the last few years to improve and modernise the fleet, at the current time there are still around 140 Council owned vehicles which do not meet the requirements of the Ultra-Low Emission Zone when it expands to its larger perimeter in October 2021.

The 140 vehicles which do not meet the requirements of the ULEZ include all assets types, from cars, through vans and buses, to HGV and refuse collection vehicles.

Replacement of the fleet with new cleaner vehicles will significantly reduce the environmental impact that the Council has and avoid the financial burden of paying TFL ULEZ fees for non-compliant vehicles. It will also reduce fuel and maintenance costs and avoid the downtime currently incurred by operational services due to unreliable aged assets. Compressed Natural Gas and 'Gas To Liquid' fuel have been trialled as alternatives to conventional fuels but have proved to not be viable. The fleet replacement will concentrate on electric vehicles wherever practical.

#### 4.2 **Estimated Value**

Capital Funding of £2m per annum has been allocated to the fleet replacement programme for 2019/2020 and 2020/2021.

The combined value of the procurement is therefore £4m over two years and compares to the spend on fleet procurement in the last two years of £6m.

Any reduction in fleet replacement budget would lead to significantly increased operational costs due to reliance on increased volumes of hired vehicles and payment of ULEZ fees and maintenance costs.

As more electric vehicle options are becoming available, the purchase price of fleet assets will increase significantly which will restrict the number of assets that the Council is able to replace - i.e. Euro VI diesel 26t narrow refuse collection vehicle currently costs around £175k, the electric equivalent will cost around £325-350k. However, the in-life costs of the electric vehicles are expected to be significantly lower.

#### 4.3 **Timetable**

The entire fleet operated by the Council must be compliant with the requirements of the expanded ULEZ by October 2021.

#### 4.4 **Options appraisal**

Vehicles are purchased via The Procurement Partnership Ltd (TPPL) Framework Agreements and it is proposed that this continues as it is the quickest route to market to meet our requirements.

Collaboration with other boroughs is not currently beneficial as different types of vehicles are utilised. This may change as new electric vehicles are developed. There is no real value in procuring our own framework as there are no real commercial, cost benefits in replicating existing arrangements via TPPL.

#### 4.5 **Key Considerations**

The purchase of low and zero tail pipe emission vehicles with improved safety features will benefit all residents within the borough.

London Living Wage does not apply to this procurement.

Best value will be assessed against each vehicle requirement to ensure the lowest emission, safest, technologically prudent and operationally/financially viable models are selected.

**4.6 Evaluation**

All new vehicles will be purchased via the TPPL frameworks. As there are different types and volumes of vehicles required, there will be no single tender process to cover all purchases under this procurement strategy.

Larger purchases will be subject to a further competition with the evaluation based on 40% price, 20% specification, 20% delivery, 20% aftersales/warranty.

A direct call-off may be used for lower value purchases and where there is only one option available which meets the Council's specification.

**4.7 Business Risks**

Failure to complete the procurement in a timely manner will increase any ULEZ fees payable to TFL, it will also result in increased diesel fuel usage and downtime/maintenance costs related to the outgoing fleet vehicles.

4.8 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 complete an 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.

4.9 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	Replacement of Council Fleet Vehicles  See paragraph [4.1]
2 Estimated value	There is £2m per year allocated from capital for each year of this strategy totalling £4m  See paragraph [4.2]
3 Timetable	This procurement strategy will run for two years up to April 2021  See paragraph [4.3]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The appraisal process will be dependent on the individual types of assets being purchased. Where appropriate mini competitions will be let, where there

	is only one suitable vehicle available call off within the framework will be used.  See paragraph [4.4]
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph [4.5]
6 Award criteria	Larger purchases are evaluated on 40% price, 20% specification, 20% delivery and 20% aftersales/warranty.  See paragraph [4.6]
7 Any business risks associated with entering the contract	See paragraph [4.7]
8 Any other relevant financial, legal or other considerations.	Minimising the councils ULEZ payments in the coming years and significantly reducing the council fleet exhaust emissions as quickly as possible are key considerations  See paragraph [4.8]

## 5. Implications

### 5.1 Financial implications:

£4.99million is currently allocated to the fleet replacement programme within the capital MTFS from 19/20 to 21/22. Increases to the current allocation to cover the move to purchase costlier electric vehicles would need to be considered as part of the capital budget planning cycle. Fleet decisions will be made to minimise the ULEZ charges incurred on Council fleet vehicles.

### 5.2 Legal Implications:

The Council has power to purchase fleet vehicles which are required to enable the Council to carry out its statutory functions and contractual repairing obligations in respect of its housing stock (section 111 of the Local Government Act 1972 together with the relevant statutory function). Accordingly, the Council may enter into a contract with the successful supplier(s) to secure the provision of such vehicles (section 1 of the Local Government (Contracts) Act 1997).

The proposed contract is a public supply contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302 for supply 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 the TPPL framework for the supply of vehicles, established by Bath and North East Somerset Council) on behalf of local authorities. The TPPL

framework was procured in compliance with the Public Contracts Regulations including an OJEU advertisement. The framework is available to all local authorities and therefore may be accessed by the Council for the supply of the fleet vehicles and a contract(s) may be awarded in accordance with the provisions set out in the framework.

The estimated value of the procurement over 2 years is £4m capital. The Corporate Director's delegated level for contracts funded from capital is £5m (Procurement Rules para 18.1.1) and therefore awards of contracts for supply of vehicles can be taken under the Corporate Director's delegated authority via a key decision report if the value exceeds £1m

### **5.3 Environmental Implications**

The purchase of new vehicles has an environmental impact in terms of the use of materials used to make the vehicles and embodied emissions from the manufacturing process. However, the replacement of aged Euro 4 and 5 diesel assets with electric, hybrid, petrol and (where no practical alternative exists) Euro 6 diesel will result in a significant reduction in the emissions of all types of pollutants from the Councils' fleet, which will contribute positively to improving air quality within the borough.

### **5.4 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.

The RIA is appended and no adverse resident impacts have been identified as a result of this procurement strategy. The procurement and operation of lower emission vehicles will benefit all residents in terms of improved air quality.

## **6. Reasons for the decision: (summary)**

- 6.1 The Council needs to renew its procurement strategy for fleet replacement to cover the next two-year period. It is recommended that the existing Procurement Partnership Ltd (TPPL) Framework Agreements continues as it is the quickest route to market to meet our requirements.

## **7. Record of the decision:**

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

**Signed by:**

Corporate Director of Environment and  
Regeneration

Date

**Appendices – Resident Impact Assessment**

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