

Key Decision Report of Corporate Director of Environment and Regeneration

Officer Key Decision	Date: 18 December 2020	Ward(s): All
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SUBJECT: Procurement Strategy for Islington Waste Recycling Centre electric vehicle infrastructure upgrade**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Islington Waste Recycling Centre (WRC) electric vehicle infrastructure upgrade in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 As part of the commitment to improving air quality and achieving Islington's Net Zero 2030 programme the council will electrify its entire fleet of vehicles including heavy goods vehicles (HGVs). This procurement strategy seeks approval to secure a contractor to design and install the upgraded electrical infrastructure that will enable charge points to be installed as required by the growing electric vehicle (EV) fleet from 2020 through to 2030.
- 1.3 The scope of works for this procurement strategy includes High Voltage grid connection, substation installation, Low Voltage connection and required wiring.

2. Recommendations

- 2.1 To approve the procurement strategy for WRC electric vehicle infrastructure upgrade as outlined in this report.

3. Date the decision is to be taken:

18 December 2020

4. Background

4.1 Nature of the service

- 4.1.1 A single contractor will be procured to design and carry out electrical upgrade works at the WRC site. The upgrade will provide sufficient electrical capacity and smart charging capabilities to meet the needs of the fleet replacement program at the WRC that will prioritise EVs for all vehicle replacements over the next ten years. The design and installation will involve complex electrical works that need to be carried out by qualified persons with knowledge and expertise of this type of works. These services need to be procured because the council does not have this level of knowledge or expertise in-house.
- 4.1.2. On behalf of Islington, the Central London Sub-Regional Transport Partnership (CLSRTP) commissioned United Kingdom Power Networks (UKPN) Services to scope the electrification works required based on the borough's ambitions to scale up its EV fleet. This scoping document has formed the technical basis of our approach and been used to support the necessary funding applications, both internal and external, that have been produced so far. This scoping document also provides an indicative approach to delivering the project.

4.2 Estimated Value

- 4.2.1 The total project is estimated to cost £2.165m which will be spent over a period of 15 months.
- 4.2.2 Islington Council put forward a funding application to the Greater London Authority's (GLA's) Good Growth Fund (GGF) to cover the full capital funding required for the project. Following the application process Islington was awarded £1.485m with match capital funding provided by the council of £1.645m. After allocation of the £2.165m to the infrastructure work the remaining project fund (£964k) is intended to pay for smart charging infrastructure that will be procured through an existing procurement framework (ESPO 636). The current fleet replacement strategy, as well as future strategies are dependent on this procurement being completed and the necessary infrastructure put in place. A separate procurement strategy will be completed for the 10 year programme of fleet replacement and electrification.
- 4.2.3 The fleet replacement strategy that this project will enable estimates that it will generate £3m in revenue savings across the council if the programme is delivered in full over the ten years. The revenue savings have been calculated on fuel savings only indexed on today's prices. It is estimated that replacing diesel with grid sourced electric gives a 78% reduction in fuel costs.

4.3 Timetable

- 4.3.1 A condition of the GLA funding is that the procurement must start no later than January 2021, with completion of the project by March 2022.
- 4.3.2 The fleet replacement strategy relies on sufficient electrical capacity being available therefore any delay in installing the upgraded infrastructure will either slow the adoption of EVs, or lock in new polluting diesel vehicles that are required to provide council services. This infrastructure program has been aligned from the design stage with the fleet replacement strategy.

4.3.3 To achieve the outputs and savings in fuel and CO2 emissions currently forecast in the GGF agreement the procurement must be completed by April 2021 so that the contract can be undertaken in line with the project timelines.

4.3.4 Procurement timeline:

- Open tender published – January 2021
- Evaluation - February 2021
- Award – March 2021
- Contract start - April 2021

4.4 Options appraisal

4.4.1 The preferred procurement route is an Open Procedure. The required works are clearly defined with specific outcomes. A competitive tender will provide the council with the opportunity to evaluate the best value for money proposal that can be delivered within the required timelines.

4.4.2 Existing procurement frameworks were researched and considered for this procurement, but no suitable framework was found to deliver the type and complexity of the works.

4.4.3 Consideration was given to collaborating with the boroughs of Hackney and Camden. This was not taken forward as the vehicle charging schedules would be very similar across borough services. Similar schedules would mean that vehicles would require charging and parking at the same time which would increase the requirement of space and electrical capacity. This procurement will be securing the maximum electrical capacity available from the local grid. Islington is also significantly ahead in process of fleet electrification versus the other London boroughs which would make alignment overly complex.

4.5 Key Considerations

4.5.1 The switch to electric vehicles enabled by this project will eliminate exhaust emissions from Islington's fleet of vehicles helping improve air quality for all residents and in turn contribute positively to their health. The reduction in noise and vibration from the electric vehicles will contribute to improving the living environment within the borough.

4.5.2 Islington council staff who work around the electric vehicles will also be exposed to less exhaust emissions and noise whilst they are working.

4.5.3 A requirement to pay the London Living Wage will be included as a contract condition. There are no TUPE or other employment implications.

4.5.4 This project is integral to the fleet replacement strategy that will be crucial in Islington's net zero by 2030 commitment by allowing council services to be delivered using zero emission electric vehicles and delivering 2,700 tonnes of CO2 savings over ten years.

4.6 Evaluation

4.6.1 The tender will be conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

- 4.6.2 Tenders are evaluated based on the tenderers' price and proposal to deliver the contract works as set out in the award criteria in order to determine the most economically advantageous offer. The proposed award criteria will be 40% price and 60% quality of which 20% will be social value.
- 4.6.3 The works will require accredited companies that have the relevant permissions to carry out the grid connection work. Initial market research shows that this limits the number and type of companies that will be eligible to perform the work. As there may not be businesses in Islington that have the required accreditation, we will ensure that tenderers are required to set out how they will support local tradespeople to gain employment on the contracted work and support our local economy, training and skills building. We aim to achieve this through scored questions that give significant weight to actionable and measurable approaches that provide employment and or training to local tradespeople in Islington.
- 4.6.4 We will also develop scored questions that give significant weight to actionable and measurable approaches that provide skill sharing and educational opportunities to local schools and educational bodies in Islington.
- 4.6.5 The award criteria will be made up of:
- Proposed approach to technical design, implementation, maintenance, adherence to contract schedule, business continuity; staffing levels/equipment and systems for delivery. (30%)
 - Proposed approach for management and supervision in delivering the contract – approach to efficiency, effective use of the supply chain, planned management structure with link to contract management matters with the council and potential third parties. (5%)
 - Proposed approach to quality management throughout the lifetime of the contract - approach to quality assurance, monitoring performance, audit responses and maintaining quality. (5%)
 - Proposed approach to social value - proposed approach to community benefits and local wealth building, equality and diversity, health and safety and consideration of sustainability and the Islington Net Zero 2030 programme in delivery of the contract. (20%)

4.7 Business Risks

- 4.7.1 The main business risks of this project are impact on the day-to-day operations of the WRC site and that delays in the project or being unable to complete the full charger deployment will impact the fleet transition to EVs.
- 4.7.2 Delays in delivery of the upgraded infrastructure will significantly increase the CO2 and particulate matter emissions and cost versus the GGF forecast due to prolonged use of fossil fuels. Further costs are likely from confirmed, planned and potential future ultra low emission zone (ULEZ) and congestion charge costs relating to non-zero emission vehicles.

- 4.7.3 The business risks are considered low as the infrastructure upgrade will use standard existing technology carried out by qualified persons. The work will also be carried out in a clearly defined and limited context at the WRC that will be planned and communicated to service providers operating from the WRC site.
- 4.7.4 A robust project management and governance structure that spans across all impacted stakeholders and services is being set up to run this project.
- 4.7.5 Technical oversight of this project will be carried out by a third-party qualified person. The qualified person will assist with the technical project brief, evaluation of tender submissions and quality assurance of the project delivery.
- 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:

Relevant information	Information/section in report
1 Nature of the service	Upgrade of the WRC electrical infrastructure to meet increasing EV charging demand. See paragraph 4.1
2 Estimated value	The estimated value is £2.165m. The agreement is proposed to run for a period of 12 months with an optional extension of six months. See paragraph 4.2
3 Timetable	Open tender published - January 2021 Evaluation - February 2021 Award – March 2021 Contract start - April 2021 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Open procedure See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	As outlined in this report See paragraph 4.5

6 Award criteria	Overall award criteria 40% price and 60% quality of which 20% will be weighted to social value. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 4.6
7 Any business risks associated with entering the contract	The outcome of business risks associated with the infrastructure upgrade is "Low risk" as the work being carried out is existing technology carried out by qualified persons in a clearly defined and limited context. See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See paragraph 5

5. Implications

5.1 Financial implications:

The value of the project is estimated to be £2.165m and will be funded from £1.485m of GLA Good Growth Fund and £1.645m of council capital resources. The remainder of the funding will be utilised for Smart Charging Infrastructure.

5.2 Legal Implications:

The council has power to procure a contract to upgrade the electrical infrastructure at WRC to enable the installation of additional electric charging points to charge the council's electric deployed in the discharge of the council's statutory functions (section 11 Local Government Act 1972, relevant statutory functions and section 1 Local Government (Contracts) Act 1997.

The proposed contract is a public works contract for the purposes of the Public Contracts Regulations 2015 (the Regulations). The total estimated value of this contract is below the financial threshold (£4,733,252) for works contracts for the full application of the Public Contracts Regulations 2015.

Although under threshold contracts do not need to strictly comply with the provisions of the Regulations, there is a requirement under EU rules for the procurement of such contracts to adhere to the principles of equal treatment, non-discrimination and fair competition. Further the council's Procurement Rules require contracts over the value of £189,330 to be subject to competitive tender. In this instance, the proposed procurement strategy is to advertise the contract in the London Contracts portal using the open procedure which will meet the requirements of the 2015 regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to its tender providing value for money for the council.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

The works required to upgrade the electrical infrastructure at the WRC will have environmental impacts that include material use (including supply chain impacts), energy use, waste generation, potential nuisance issues such as noise and dust, as well as impacts relating to contractor

transport (emissions and contributing to congestion). In the long-term, the upgrade will enable a significant increase in the use of electricity at the WRC.

However, the upgrade will enable the council to switch a significant proportion of its vehicle fleet (which currently emits around 2,900 tonnes of CO2 a year) from diesel/petrol/CNG to electric, eliminating tailpipe emissions of CO2 and other pollutants, improving local air quality. The electricity supplied through the upgraded capacity can potentially be purchased from renewable sources, enabling the fleet to be powered by zero emission energy. As such, this work is a key part of the council achieving its net zero ambition.

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.

A Resident Impact Assessment was completed on 03/11/2020 and the summary is included below. The complete Resident Impact Assessment is appended.

The Resident Impact Assessment found no adverse effects of this procurement

6. Reasons for the decision:

- 6.1 The infrastructure upgrade will provide sufficient electrical capacity to meet smart charging the needs of the fleet replacement program at the WRC that will prioritise EVs for all vehicle replacements over the next ten years.

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

- RIA has been completed and is attached as an appendix

Report Author: Constant McColl - Project Manager

Email: Constant.mccoll@islington.gov.uk

Financial Implications Author: Steve Abbott - Head of Finance

Tel: 0207 527 2369

Email: Steve.abbott@Islington.go.uk

Legal Implications Author: David Daniels - Assistant Director of Law

Tel: 0207 527 3277

Email: David.daniels@Islington.gov.uk

Environmental implications Author James Wilson – Energy Sustainability and Consulting
Manager Tel: 0207 527 3277

Email: james.wilson@islington.gov.uk