

Key Decision Report of the Corporate Director of Environment

Officer Key Decision	Date: 4th October 2021	Ward(s): All
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APPENDIX 1 TO THIS REPORT IS EXEMPT AND NOT FOR PUBLICATION
SUBJECT: Contract Award for WRC Electric Vehicle Charging Infrastructure Upgrade**1. Synopsis**

- 1.1 This report seeks post-tender approval for the procurement award in respect of WRC Electric Vehicle Charging 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 award will engage the services of 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 fleet through to 2030. The scope of works for this procurement award includes High Voltage grid connection, substation installation, Low Voltage connection and required wiring.

2. Recommendations

- 2.1 To approve the contract award for WRC Electric Vehicle Charging Infrastructure Upgrade to SSE Enterprise Contracting as outlined in this report.

3. Date the decision is to be taken:4th October 2021

4. Background

4.1 Nature of the service

As part of Islington's commitment to improving air quality and achieving Net Zero Carbon by 2030, the Council will electrify its fleet of vehicles including HGVs. This procurement exercise now concluded was to appoint a contractor to design and install the upgraded electrical infrastructure that will in turn enable charge points to be installed as required by the growing EV fleet.

A single contractor is being awarded the contract for works required at the WRC. The design and installation will involve complex electrical works that need to be undertaken by qualified persons with knowledge and expertise of this type of works.

On behalf of the Council, the Central London Sub-Regional Transport Partnership in 2019 commissioned UKPN Services to scope the electrification works required based on the borough's ambitions to scale up its EV fleet. That scoping document formed the technical basis for this project and a detailed technical specification was subsequently developed, setting out the indicative approach to delivery.

4.2 Estimated Value

The works required are to be funded partly from the GLA Good Growth Fund, for which £1.485m has been secured, and partly from Council capital resources, which has funded an additional £4.2m.

The value of this procurement exercise was originally estimated to be no more than £2.165m; this was set out in the tender documentation to increase the likelihood of bids being submitted under this threshold. All bids submitted were subsequently within this value; the winning tender has priced the work at approximately £1.6m. This will save the Council approximately £500,000 on predicted spend on this project, that can be alternatively used to support the ongoing electrification of the Council's fleet.

After allocation of the ~£1.6m for infrastructure works, the remaining project funds are intended to pay for smart charging infrastructure that will be procured through an existing procurement framework (ESPO 636). The current fleet replacement strategy is dependent on this procurement being completed and the necessary infrastructure put in place.

The fleet replacement strategy estimates that it will generate £3m in revenue savings across the Council if the programme is delivered in full over ten years. These 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

A Strategic Procurement Strategy was approved in December 2020, following which a detailed specification for the works was produced and the procurement of a supplier to complete the works was started.

The current timetable for commencement of works is October 2021, with an estimated completion of April/May 2022.

The GLA has been kept abreast of the progression of the project as a part funder. NLWA/LEL as operators within the WRC, as well as Camden and Hackney Councils, have also been consulted with on a regular basis, in addition to other internal stakeholders including unions.

4.4 Options appraisal

The preferred procurement route, decided upon at Procurement Strategy stage was an Open Procedure. The required works for the project were clearly defined with specific outcomes. The competitive tendering exercise has resulted in the Council being able to evaluate the best value for money proposal that can be delivered within the required timelines.

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

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 other London boroughs, which would make alignment overly complex.

The Open Procedure means that all bidders who successfully expressed an interest were automatically invited to tender and given access to the tender documents. Those who submitted a tender and met all of the minimum requirements had their full tender, method statements and pricing evaluated. The tender panel carefully evaluated all bids against the minimum requirements as set out in the ITT.

4.5 Key Considerations

Social value comprised 20% of the total criteria on which bidders were scored. The winning bidder has set out its commitment to delivering social value in Islington, including the creation of local employment opportunities, procuring goods & services locally, actively contributing toward Net Zero 2030, and supporting local schools, all coordinated through the appointment of a social value lead for the project.

4.6 Evaluation

The tender has been conducted in one stage, known as the Open Procedure, as the tender was 'open' to all organisations who expressed an interest. The Open Procedure included minimum requirements, which organisations were required to meet before the remainder of their tender was evaluated.

The contract was awarded to the Most Economically Advantageous Tender (MEAT) in accordance with the advertised award criteria. MEAT for this contract is quality 60% and cost 40%.

The quality element is comprised of:

- Proposed approach to technical design, implementation, maintenance, adherence to contract schedule, business continuity; staffing levels/equipment and systems for delivery (30%)
- 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%)
- 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%)
- The Evaluation Assessments have been appended (202-089C WRC Evaluation Assessment 1 & 2)

Overall six bids were received for evaluation with five considered for the final stage of the evaluation. SSE Enterprise Contracting scored the highest overall across the evaluation process to determine the contract award.

4.7 Business Risks

A comprehensive risk register is to be developed by the contractor in collaboration with the Council and other relevant partners upon commencement of the project. This will be prioritised in the initial scoping meetings during the project inception meetings.

Some of the most significant risks involve the potential for disruption to operational services operating out of the WRC. All potential bidders were required to visit the site prior to submitting their tender in order to understand the 24/7 nature of the site and that operations were not to be disrupted.

An external report setting out the winning contractor's financial viability has highlighted some degree of financial risk, however LBI finance team believes this risk to be minimal given that the contractor will not be paid upfront for the services to be undertaken. Additionally, the risk of business failure is deemed to be very small given the size of the winning contractor and the fact that the Council has other contracts already in place with said contractor.

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 electrical infrastructure at the WRC to meet increasing EV charging demand. See paragraph 4.1
2 Estimated value	The estimated value of the project is £1.6m. The agreement is proposed to run for a period of nine months, with an optional extension of three months. See paragraph 4.2
3 Timetable	Advert published May 2021 Tenders received July 2021 Evaluation undertaken July 2021 Award due September 2021 Contract start October 2021 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Open procedure chosen. See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Winning bidder has set out commitment to delivering social value in Islington as part of their tender. See paragraph 4.5
6 Award criteria	The contract is to be awarded to the Most Economically Advantageous Tender (MEAT). MEAT for this contract is quality 60% and cost 40%. 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.

	Financial risk is deemed to be small given the nature and size of the winning contractor. 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 £1.6m and will be funded from £1.485m of GLA Good Growth Fund and £4.2m of council capital resources. The remainder of this funding allocation will be utilised for Smart Charging infrastructure. The GLA funding is to be spent in the 21/22 financial year.

5.2 Legal Implications:

The council has power to enter into 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 under section 111 Local Government Act 1972, relevant statutory functions and section 1 Local Government (Contracts) Act 1997. Pursuant to Procurement Rule 18.1.1 the Corporate Director may award this contract as the total contract value is capital money and is below the £5m limit of delegated authority for Corporate Directors.

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 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 contract was advertised in the London Contracts portal using the open procedure, which meets the requirements of the 2015 regulations and the council's Procurement Rules.

Bids were evaluated in accordance with the evaluation model and the contract was awarded based on the most economically advantageous tender (MEAT). Accordingly, the contract may be awarded to SSE Enterprise Contracting as recommended in the report. In deciding whether to award the contract as recommended the Corporate Director should be satisfied that the tender price represents 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 short-term 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).

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 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:

Please retain this standard paragraph and add relevant text about specific impacts and mitigation below:

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 3rd November 2020; no adverse impacts on residents were identified. The complete Resident Impact Assessment is appended.

6. Reasons for the decision: (summary)

- 6.1 The infrastructure upgrade will provide sufficient electrical capacity to meet the smart charging needs of the fleet replacement program at the WRC over the coming decade, significantly contributing toward the Council's Net Zero 2030 ambition.

Additionally, the winning contractor's bid is estimated to save the Council approximately £500,000 on previously estimated costs for this project. These savings can be directly utilised to support the electrification of the Council's fleet or the installation of electric charging units.

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:

Appendices

- Exempt Appendix 1 detailing tender scores
- Appendix 2 – Resident Impact Assessment

Background papers: none

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