

Report of: Executive Member for Environment and Transport

Executive	Date: 25.11.21	Ward(s): All
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SUBJECT: Procurement Strategy for the Fleet Replacement Programme**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Fleet Vehicle Replacement Programme in accordance with Rule 2.7 of the Council's Procurement Rules. Appendix a. lists all vehicles required to be procured along with the vehicles which are to be off hired or disposed as the replacements are received. This will replace the 2019-21 strategy which elapsed in July.
- 1.2 In the case of all asset types only battery electric zero tailpipe emission vehicles will be purchased.

Where suitable and financially beneficial existing high value assets such as refuse collection vehicles and buses may be refurbished and converted from diesel to battery electric

Where viable battery electric zero emission vehicles are not yet available for purchase, hire or leasing of alternative vehicles shall be utilised until suitable zero emission vehicles are available.

Preference for hire vehicles will be given as:

1. Electric
2. Electric/Petrol Hybrid
3. Euro 6 Petrol
4. Euro 6/VI Diesel

- 1.3 The strategy also recognises the need to assess the ongoing requirements of the fleet against the service need and ensure that other more sustainable modes of transport, for example cycling, are considered as part of the council's overall transport solution. Over the last few years vehicle numbers have been reduced with bikes introduced in their place. Where possible vehicles will continue to be reduced with option to cycle to be offered. A recent example of this is the trial of push-bikes for Street Environment Operations' supervisors. Following the success of this trial other plans are being developed to introduce bikes to supervisors in other services to promote cycling and reduce vehicle use. Where possible opportunities to reduce the total fleet will also be taken where there is no service impact.

2. Recommendations

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

3. Background

- 3.1 The Council operates a fleet of approximately 500 vehicles across all council 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 time of the launch of this strategy around 85% of council owned vehicles are presently powered by internal combustion engines. Electrifying the fleet is essential in order to deliver on Islington's commitment to achieving it's net zero carbon position with electrical vehicles representing the only zero-tailpipe emission vehicles currently available.

- The 85% of vehicles which are presently powered by engines all assets types from cars, through vans and buses to HGV and refuse collection vehicles.
- Replacement of the fleet with new and conversion of existing assets to battery electric zero tailpipe emission vehicles will significantly reduce the environmental impact that the council has on the borough and avoid the financial burden of paying TFL fees for polluting vehicles. It will also reduce fuel and maintenance costs and avoid downtime currently incurred by operational services due to unreliable aged assets.
- Compressed Natural Gas and Gas To Liquid fuel have been trialed as alternatives to conventional fuels but have proved to not be viable as they would commit Islington to a long-term adoption of internal combustion engines which is not compatible with the borough's net zero carbon ambitions. The fleet replacement will concentrate on electric vehicles wherever practical.
- The strategy recognises the need to assess the ongoing requirements of the fleet against the service need and ensure that other more sustainable modes of transport, for example cycling, are considered as part of the council's overall transport solution further supporting the transition to a net zero carbon position. Where possible vehicles will continue to be reduced with option to cycle to be offered. A recent example of this is the trial of push-bikes for Street Environment Operations' supervisors. Following the success of this trial other plans are being developed to introduce bikes to supervisors in other services to promote cycling and reduce vehicle use. Where possible opportunities to reduce the total fleet will also be taken where there is no service impact.

3.2 Estimated Value

- Capital Funding of £4,600,000.00 has been allocated for 2021-22 (this includes £900,000.00 carried over from the previous year due to lack of vehicle availability caused by the pandemic) £3,715,000.00 has been allocated for 2022-23 for the fleet replacement programme.
- The combined value of the procurement is £8,315,000.00 over two (2) years.
- The spend on fleet procurement (not including the HRA funded vehicles) in the last two years has been £3,437,000.00 with remaining unspent funding rolled over into 2021-22.
- Any reduction in fleet replacement budget would lead to significantly increased operational costs due to reliance on increased volumes of hired vehicles or payment of ULEZ fees etc and maintenance costs.
- Revenue savings have been estimated based on adoption of EVs with a reduced energy cost equating to £188,450 over the two years the strategy runs. Cost avoidance from the expansion of the ULEZ scheme to cover the whole borough has also been estimated at £60,200 for the first year of the strategy assuming full vehicle adoption for the year.

3.3 Timetable

- The council has committed to operating a zero tail pipe emission fleet by 2030, this procurement strategy will enable the council to continue to progress in line to meet this objective.
- There are no statutory deadlines relating to this strategy.

3.4 Options appraisal

- Vehicles are purchased via The Procurement Partnership Ltd (TPPL) Framework Agreements and it is proposed that this continues as the preferred option as it is the quickest route to market to meet our requirements in regards to cleaner vehicles which will reduce environmental impact.
- Collaboration with other boroughs is not currently beneficial as different types of vehicles are utilised. This is unlikely to change as new electric vehicles are developed. Utilising framework agreements provides the council with the maximum possible discount from manufacturers.
- There is no real value in procuring our own framework, timescales will not allow for this and there are no real commercial, cost benefits in replicating existing arrangements via TPPL.

3.5 Key Considerations

- The purchase of battery electric 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.
- There are no TUPE, pension or staffing implications

3.6 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, 10% delivery, 10% aftersales/warranty and 20% social value. This

may be varied to suit each specific tender for example four conversion for 26t RCVs planned for 22/23 (Appendix A).

- A direct call-off may be used for lower value purchases, where there is only one option available which meets the council's specification or to purchase duplicates of existing vehicles for example 4.25 cage tippers planned for 21/22.

3.7 Business Risks

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

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 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.

3.9 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	Replacement of Council Fleet Vehicles See paragraph 3.1
2 Estimated value	There is allocated capital for this procurement strategy totalling £8,315,000.00 See Paragraph 3.2
3 Timetable	This procurement strategy will run for 24 months from August 2021. £4.6m will be allocated up to August 2023 and £3.715m will be allocated up to April 2023 See Paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The appraisal process will be dependant 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 3.4

5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See Paragraph 3.5
6 Evaluation	Larger purchases are evaluated on 40% price, 20% specification, 10% delivery, 10% aftersales/warranty and 20% social value. This may be varied to suit the asset required.
7 Any business risks associated with entering the contract	See Paragraph 3.7
8 Any other relevant financial, legal or other considerations.	Minimising the councils emissions related payments in the coming years and significantly reducing the council fleet exhaust emissions as quickly as possible are key considerations See Paragraph 3.8

4. Implications

4.1 Financial implications:

The combined value of the procurement over two years is £8.315m which is a combination of the capital funding for 2021/22 (£4.600m) and 2022/23 (£3.715m) approved by Full Council in February 2021.

4.2 Legal Implications:

- a) The council has power to enter into the proposed Fleet Procurement contract(s) under section 111 of the Local Government Act 1972 and section 1 of the Local Government (Contracts) Act 1997, which enable 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, and to enter contracts accordingly.
- b) The estimated value of the procurement (£8.315m) is above the current financial threshold for supplies contracts under the Public Contracts Regulations 2015. Accordingly, the contract must be procured via a legally compliant Framework.
- c) Procurement Rule 2.7 provides that in relation to contracts with an estimated value which exceeds, as here at £8.315m, the delegated authority of the Corporate Director as set out in Procurement Rule 18 (£5m Capital spend), approval of the Procurement Strategy is required from the Executive, who will also need to grant express delegated power to the Corporate Director to make direct awards from the TPPL Framework (or hold mini-competitions on the TPPL Framework as the case may be).

4.3 Environmental Implications

The purchase of new vehicles will have significant environmental impacts. The manufacture and transport of the vehicles will have impacts including resource and energy use, and once in use, the vehicles will have ongoing energy consumption. In addition, disposal of old vehicles will have environmental impacts related to their disposal.

However, the ongoing environmental impact of the new electric vehicles will be lower than the diesel and petrol vehicles they replace, as they will have zero tailpipe emissions. Vehicles will be largely charged at council sites, which are now on a renewable electricity tariff. The council is also installing a vehicle charging system that will maximise charging at times of day when renewable power is supplying a greater proportion of grid electricity, while the vehicle batteries may also be used to help power council buildings during peak periods, both of which will assist the electricity grid with the transition to a greater proportion of renewables. In some cases, the impacts of material use and vehicle disposal will be mitigated by refurbishing existing vehicles rather than purchasing new ones.

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.

A Resident Impact Assessment was completed on 15/06/21 and is appended. No adverse residents or equalities impacts were identified and the ongoing electrification of the fleet will benefit air quality and carbon emissions for all residents.

5. Reasons for the decision:

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.

Appendices

- Appendix A. details vehicles to be purchased along with old vehicles for disposal/off hire
- RIA - Fleet Procurement Strategy

Background papers: none

Signed by:



16.11.21

Executive Member for Environment and Transport

Date

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