

<b>Item No.</b> N/a	<b>Classification:</b> Open	<b>Date:</b> 27 July 2020	<b>Decision Taker:</b> Cabinet Member for Environment, Transport and the Climate Emergency
<b>Report title:</b>		Gateway 2 – Procurement Strategy Approval - Commercial Fleet (LGV)	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Mick Lucas, Director of Environment	

## RECOMMENDATIONS

1. That the Cabinet Member for Environment, Transport and the Climate Emergency approves the use of the Crown Commercial Service RM6096 framework to procure light goods vehicles and specialist vehicles for the period 15 August 2020 to 28 February 2022 up to a total value of £3.42m over the full term of the relevant lease period.
2. That the Cabinet Member for Environment, Transport and the Climate Emergency notes that contract awards under the Crown Commercial Service Agreement RM6096 framework will be made in line with Contract Standing Orders as set out in paragraph 33.
3. That the Cabinet Member for Environment, Transport and the Climate Emergency notes that all commercial vehicles procured under the relevant frameworks will be compliant with the requirements of the Ultra Low Emission Zone and allows the procurement of electric or hybrid vehicles where they are available.

## BACKGROUND INFORMATION

4. The Gateway 2 Procurement Strategy Approval - Commercial Fleet report to Cabinet of February 2016 recommended the provision of commercial fleet under lease arrangements up to a value of £9.38m over a period of six years through the use of two fleet framework agreements, one for light commercial vehicles (up to £5.96m) and the other for light goods vehicles and specialist vehicles (up to £3.42m).
5. The fleet framework approved by Cabinet for procurement of light goods vehicles and specialist vehicles was the Bath and North East Somerset (BANES) framework including any framework that directly replaced it for the period up to 28 February 2022. The BANES framework expired in 2018 but was not directly replaced with a new framework. Therefore, in order to provide a procurement route for light goods vehicles and specialist vehicles for the period until 28 February 2022, it is necessary to seek approval to use an alternative fleet framework.
6. There are currently three fleet framework agreements available for the council to use for procurement of light goods vehicles and specialist vehicles and these

have all been procured under the requirements of OJEU. Each framework agreement has a set of terms and conditions, call-off arrangements, monitoring, management and key performance indicators. Many of these are common to all of the framework agreements, others are unique to individual framework agreements. It is essential that the terms and conditions of any contracts entered into under the framework agreements are consistent with the council's Contract Standing Orders and meet the needs and risk levels of the council.

7. The framework agreements have no extension provision. The currently available framework agreements operate over a period of 4 years. All framework hosts have confirmed that it is their intention to procure new agreements to replace those that expire during the six years that the council will be using them. Note that lease contracts for individual vehicles procured using framework agreements can be extended for periods beyond the expiry date of the lease contract. Any such arrangements would be managed by the Fleet Services Team on a case by case basis according to the requirements of the end user business unit.

#### Procurement project plan (Key Decision)

Activity	Completed by / Complete by:
Approval of Gateway 1: Procurement Strategy Report	20/10/2015
Approval of original Gateway 2: Contract award Report	09/02/2016
Start date of council use of fleet framework	01/03/2016
Council evaluation of framework agreements	30/12/2019
Review Gateway 2: Contract Award Report DCRB	04/03/2020
Lead Member Briefing	9/07/2020
Review Gateway 2: Contract Award Report CCRB	23/07/2020
Notification of forthcoming decision	24/07/2020
Approval of Gateway 2: Procurement Strategy Report	03/08/20
End of Scrutiny Call in period and notification of implementation of Gateway 2 decision	11/08/20
Start date of council use of alternative fleet framework	Contracts will be completed during the period 15/08/2020 to 28/02/2022 following further competitions within framework agreement

#### KEY ISSUES FOR CONSIDERATION

##### Description of procurement outcomes

8. There are three fleet framework agreements available for the council to use to procure light goods vehicles and specialist commercial fleet through lease contract arrangements. The outcome sought through this procurement strategy

approval process, is to select the most suitable alternative framework agreement amongst those that are available to procure the fleet required by the council following the expiry of the BANES framework agreement. The types of light good and specialist vehicles required by the council can be summarised as follows:

- Gully emptier – 2 vehicles
- 7.5 tonne tipper – 7 vehicles
- Small mechanical brooms – 4 vehicles
- Large mechanical brooms – 2 vehicles
- Refuse Collection vehicles – 5 vehicles
- Skip loader – 1 vehicle
- 17.5 tonne lorry – 1 vehicle

9. Table 1 below shows the framework agreements that can be used to procure the vehicles in these groups.

**Table 1 – Fleet Framework Agreements Available to Procure Light Goods Vehicles**

Framework Agreement	Light Goods and specialist
Crown Commercial Service Agreement RM6096 (CCS RM6096)	✓
Eastern Shires Purchasing Organisation Agreement 218 (ESPO 218)	✓
Yorkshire Purchasing Organisation Agreement 960 (YPO 960)	✓

10. These frameworks have been set up and are managed through local authority or government agencies and are usually renewed on a four year cycle. Feedback from framework users and suppliers is used to develop and improve the way that framework agreements operate. This process ensures that framework agreements are fit for purpose and work effectively. The cycle of renewal also provides for the benefits of development in vehicle technology and efficiency to be captured within new and replacement framework agreements. This ensures that the council has access to the most up to date alternative fuel vehicles to increase the sustainability of the fleet and reduce emissions.

**Description of framework evaluation – light goods vehicles and specialist vehicles**

11. The evaluation examined a range of factors relating to the three frameworks that are available for procurement of light goods and specialist vehicles. These were as follows:

- tender process used by the organisation offering a framework agreement and the evaluation criteria used for selecting suppliers
- lease contract arrangements
- the ability to amend master or supplier lease terms and conditions
- ability for the council to use its own standard evaluation methodology at further competition stage
- number of suppliers.
- early termination costs

- return condition charges.

Table 2 below provides an overview of how the three frameworks compare.

**Table 2 – Overview of frameworks for procurement of light goods and specialist vehicles**

	CCS RM6096	ESPO 218	YPO 960
OJEU compliant procurement procedure	✓	✓	✓
Lease contract	Single framework master lease	Single framework master lease	Individual supplier leases
Ability to amend master or supplier lease terms and conditions	✓	✓	✓
Ability to use council's standard evaluation methodology for further competitions	✓	✓	✓
Number of suppliers	8	6 suppliers (over 5 sub-lots)	59
Early termination cost	Fixed	Variable	Variable
Return condition charges	Variable	Variable	Variable

OJEU compliant procurement procedure

12. All of the frameworks were procured using procedures compliant with OJEU requirements. The tender processes used, the evaluation methodologies and outcomes have been reviewed. This has determined that a robust tender and evaluation process was followed for all of the frameworks. As such no single framework agreement is more advantageous than the others for this criterion. OJEU details for each framework are shown in Appendix A.

Lease contract and ability to make amendments

13. The contractual relationship between the framework supplier and the customer is governed by the terms and conditions of the lease contracts signed by the parties. For the YPO framework the lease contract is provided by the suppliers. For the CCS and ESPO frameworks there is a single master lease contract that is used for all suppliers. The use of a single master lease contract can be regarded as an advantage as it makes lease contract management simpler in situations where separate further competitions result in award of contracts to different suppliers. Therefore, the use of the CCS and ESPO framework agreements would provide an advantage over the use of the YPO framework agreement for this criterion.

14. Some clauses in master and supplier lease contract terms and conditions do not align completely with the council's standard contract terms and conditions so it may be necessary to make amendments or additions. Framework hosts have advised that, within reason, amendments or additions to lease contracts can be made. The CCS master lease terms and conditions are already drafted very heavily in favour of the council, and include all of the usual public authority requirements such as FOIA and confidentiality. Therefore, the council would not need to incorporate amendments that would be needed for other fleet frameworks. This gives the CCS framework an advantage over other fleet frameworks.

Ability to use council's standard evaluation methodology for further competitions

15. As part of the OJEU tender processes the agencies managing the frameworks evaluated the bids received using cost and quality criteria. The weighting attached to these criteria varied between the frameworks. Further competitions under the frameworks are required to use the same evaluation criteria as the original OJEU tender process, but the weightings can be adjusted. This means that the council would be able to apply the standard contract evaluation criteria and weighting taking into account cost and quality based on a ratio of 70:30 for any of the three frameworks. As such no single framework agreement is more advantageous than the others for this criterion.
16. As mentioned in the Social Values section of this report from paragraph 39 to 48, due to the supply nature of this contract it is not feasible for the council require fleet supply contractors to comply with its requirements around providing social value such as training and apprenticeships for local people.

Number of suppliers

17. The CCS framework agreement has eight suppliers under a single lot that are all capable of tendering for the full range of vehicle types required by the council. This is a good number of suppliers with a clear and simple lot structure
18. The ESPO framework agreement has six suppliers under one lot that is divided into five sub-lots. Each sub-lot is for one or more of the vehicle types required by the council. Only two suppliers can tender for the whole range of vehicle types required by the council. For some vehicle types required by the council the number of suppliers that tender is less than six. This is a good number of suppliers, although the lot structure is less straightforward than for the CCS framework.
19. The YPO framework agreement has 59 suppliers under one lot. The suppliers range from those that the council is familiar with from the use of vehicle frameworks to date and which would likely be able to supply the full range of vehicle types required by the council, to those that are recognised as suppliers of particular vehicle types – for example Whale Tankers which specialises in supply of gully emptying vehicles. The use of this framework appears to best lend itself to further competitions for single vehicle types.
20. In order to ensure that good value for money is achieved under any framework agreement that is used, the number of tenders from a further competition would ideally be around five or six with all suppliers capable of tendering for the full range of vehicle types required by the council. On this basis the CCS framework agreement appears to be more advantageous than the others for this criterion.

#### Early termination cost

21. The CCS framework agreement includes a fixed early termination matrix. This provides framework users with a level of cost certainty for early return of vehicles before lease expiry. The ESPO and YPO frameworks do not contain fixed early termination costs. So for these two frameworks the council could either include an early termination matrix in the tender documents (contract amendment) or accept a cost calculation provided by the supplier at the point of early termination. There is a risk that the inclusion of an early termination contract amendment would not be acceptable to some suppliers and so they may not submit a tender in a further competition. On the other hand an early termination cost calculation provided by a supplier could be higher or lower than that available through the CCS framework. The council should avoid taking action that would either reduce the field of bidders in a further competition or risk higher early termination costs that could arise under the ESPO or YPO frameworks. On this basis the CCS framework agreement appears to be marginally more advantageous than the others for this criterion.

#### Return condition charges

22. None of the framework agreements place limits on vehicle return condition costs to avoid the possibility that individual defect repair costs in aggregate do not exceed the residual value of the vehicle for the condition in which it is being returned. The council would seek to address this through an amendment to the master or supplier lease. No single framework agreement is more advantageous than the others for this criterion.

#### Evaluation conclusion

23. The characteristics of the three framework agreements are comparable across a number of factors as set out in table 2 above. Two of the most important factors where the frameworks differ are in the provision of a master or supplier lease and their embedded terms and conditions, and in the number of suppliers and lot structure.
24. In terms of contract management it is more straightforward for the council to manage suppliers through the use of a single master lease rather than to manage suppliers potentially through a range of individual supplier leases. The CCS and ESPO frameworks both have the benefit of master leases which makes them more favourable to use than the YPO framework which has 59 suppliers each with their own supplier lease. The CCS framework has the further advantage of lease terms and conditions that are already drafted very heavily in favour of the council.
25. A good procurement process that will deliver value for money relies on there being good competition involving a range of suppliers capable of supplying all of the council's vehicle requirements. The CCS framework has a simple lot structure with eight suppliers all capable of supplying the vehicles the council needs either through a single further competition with all vehicles included, or through a series of further competitions for particular vehicle types. The ESPO framework has 6 suppliers with one lot that is divided into five sub-lots, but only two suppliers are capable of supplying all the vehicles required by the council which would be a limiting factor in the way that further competitions are arranged. The YPO framework has 59 suppliers under one lot with many of the suppliers only capable of supplying specific vehicle types, which again would be a limiting factor for the way that further competitions are arranged.

26. Taking into account the lease arrangements within the three frameworks and the number and structure of the respective supplier bases, the CCS framework agreement offers the council the best option for procurement of the vehicle types required. The council has used another CCS fleet framework to procure lease cars for staff and the experience of using the CCS framework for lease cars for staff has been good, this gives the council a level of confidence that using the CCS framework agreement to procure the vehicles the council requires will be successful.
27. Therefore it is recommended that the CCS framework agreement, including any new framework that directly replaces this, is used to procure light commercial vehicles and specialist vehicles for the period from 15 August 2020 to 28 February 2022. Vehicles procured under the RM6096 framework will be up to a total value of £3.42m over the full term of the relevant lease period which will extend beyond 28 February 2022.

### **Policy implications**

28. Procurement of fleet must take into account the requirement to comply with the current London-wide Low Emission Zone and should have due regard to the Mayor's Air Quality Strategy. As part of this a new Ultra Low Emission Zone (ULEZ) covering the congestion charge zone was introduced on 8 April 2019. The ULEZ is due to be extended in October 2021 to include all roads within the area bounded by the north and south circular roads. Commercial fleet procured under the proposed arrangements will be ULEZ compliant.
29. The council has made a commitment to become carbon neutral by 2030. The number and type of commercial vehicles used by the council, and in particular the type of fuel used, will play an important part in meeting the carbon neutral commitment. Use of the CCS framework agreement will provide the council with the opportunity to procure sustainable fuel-type vehicles as and when they become available to the market which will help the council meet the carbon neutral commitment.

### **Tender Process and Evaluation**

30. As the proposal is to use framework agreements, no tender documentation was needed. As explained earlier the tender processes used to establish the three framework agreements that are under consideration, along with the tender evaluation methodologies and outcomes have been reviewed. This review has determined that a robust tender and evaluation process has been followed.
31. The use of fleet frameworks will require the conduct of further competitions amongst the suppliers to the frameworks. This will ensure that good value for money is achieved for any group of vehicles or individual vehicle that is procured. The Fleet Services Team will collate completed Vehicle Order Templates received from business units and arrange these into appropriate groupings for further competitions. As part of the arrangements any amendments or additions to standard framework terms and conditions or lease contracts will be drawn up for inclusion within further competition documents.
32. For each further competition the council will set out the evaluation criteria that will be used to determine which supplier will be awarded the contract and this will

be provided to the suppliers with tender document packs. The evaluation process will be similar to that followed for the award of a conventional contract taking into account cost and quality based on a ratio of 70:30. The detail within the evaluation matrix will include the following factors:

- Quality
  - Management arrangements
  - Service and maintenance arrangements
  - Arrangements for minimising vehicle-off-road times
  - Tyre replacement service
  - Emergency breakdown cover.
  
- Cost
  - Lease costs.

The performance of suppliers against some of these factors may already be established through the standard terms & conditions and lease contracts that are in place. Performance against other factors will vary from one further competition to the next and in accordance with any amendments or additions that are made to standard clauses.

33. Following each further competition and evaluation process a formal decision will be required to approve the award of a supply contract to the successful bidder. As such the total levels of expenditure referred to in this report will be made up of the aggregate values of all of the call-off contracts awarded over the period until 28 February 2022 and will be in alignment with the Gateway 2 Contract strategy award approved by Cabinet in February 2016. Call-off contract award from the relevant frameworks will be made in line with Contract Standing Orders.

#### **Plans for the transition from the old to the new contract**

34. The commercial fleet has continued to be provided to business units mainly through short term hire. These arrangements will continue until the new fleet procured through the framework agreement is delivered.

#### **Plans for monitoring and management of the contract**

35. The client management of the framework arrangements and lease contracts will be undertaken by the Fleet Services Team. Framework agreements have some key performance indicators built-in that relate specifically to the operation of the agreement itself, for example the time allowed for submission of bids for a further competition. There is flexibility within framework agreements and leases to set out local key performance indicators to meet any specific needs that the council may have. The requirement for local key performance indicators, especially any that might be requested by particular business units, need to be carefully managed to avoid building in unnecessary additional cost. The following KPIs will be included:

- Adherence to vehicle delivery dates and times
- Compliance with vehicle specifications
- Vehicle downtimes
- Response times to information requests
- Time taken for tyre repairs
- Availability of spare vehicles.

36. The progress of all contracts awarded under the CCS framework will be monitored by DCRB and CCRB under the Annual Performance Report arrangements.

**Identified risks for the new contract**

37. The identified risks for the procurement and how they will be managed are set out in the Table 3 below.

**Table 3 - Risks for Fleet Procurement**

	Risk	Risk level	Mitigation
1	Risk that vehicles will have to be returned before full lease term has expired due to budget pressures, changes in the way that services are delivered or changes in the corporate structure, for example due to Covid-19.	Low to medium	Business units will be required to address this risk as part of the vehicle ordering process.  Potential for unwanted vehicles to be re-assigned to other business units instead of ordering new vehicles.
2	Framework agreements currently available will expire over time.	Low	The fleet framework agreement market is well-established. The three framework agreements considered in this report have been in their current issue or in previous issue for a number of years. The hosts of all framework agreements under consideration have confirmed the intention to set up new agreements which will give continuity of supply. The CCS framework recommended for use under this report expires in May 2023 so this risk is very low.
3	Additions and amendments to standard terms and conditions impacting on number of bids at further competition stage.	Low to medium	Engage with suppliers ahead of further competition process to allow time for additions/ amendments to be considered.  Keep additions/amendments to a minimum.  Group or isolate vehicles in further competition process to take account of specific requirements of a specialist nature that may attract interest from a limited number of suppliers.

	Risk	Risk level	Mitigation
4	Fragmentation of supplier base making fleet management more complex.	Medium	Manage the pipeline of vehicle requests from business units to minimise the number of further competitions conducted and group as many similar vehicle types together as possible.
5	Interruption of supplies due to COVID 19.	Low to medium	There will be a delay between the approval for the use of the framework and the point at which contracts to supply vehicles will be awarded, by which time the effects caused by interruption of manufacturing should have passed.  Use of a framework provides some protection against interruption of supply due to the number of suppliers and vehicle manufacturers that can be used.

### **Community impact statement**

38. The proposals in this report relate only to the provision of the council's fleet procurement arrangements and do not impact on service design, outcomes or access. Therefore, there is no community impact arising from this report.

### **Social Value considerations**

39. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social, sustainability and environmental considerations.

### **Environmental/Sustainability considerations**

40. Air quality, and the effect of poor air quality on health, is a major issue in London. One of the main causes of poor air quality in the urban environment is vehicle emissions. This is the driver behind the introduction of the ULEZ including the requirements relating to particulate matter (PM) emissions from diesel vehicles in ULEZ standards, as referred to the Policy Implications section above. Impact on air quality will be a significant factor in the selection of vehicles that will be procured under the framework agreement.
41. Business units need to focus on all possible means to make their services more sustainable. The use of commercial fleet can play a significant part in delivering these outcomes by considering the following:
- Fleet minimisation - limit the number of vehicles on the fleet, this can be by operating pool arrangements, through shared use within or between services, or by the use of short term hire if vehicles are only required intermittently.

- Downsizing - avoid using vehicles that are unnecessarily large.
  - Alternative fuels - where the nature of the service allows, use electric or hybrid vehicles.
  - Alternatives modes – where the nature of the service allows, use public transport, cycle or walk.
42. This will be captured as part of the vehicle ordering process where business units are required to demonstrate that consideration has been given to all of the above factors. This is through the completion of the Vehicle Order Template that requires these factors to be addressed and then authorised at Senior Manager level ahead of any procurement process.

### **Economic considerations**

43. It is not likely that local small and medium sized enterprises have the capacity to bid successfully for inclusion in fleet framework agreements. However, the suppliers used by the council under the framework arrangements are likely to use local commercial dealerships to supply vehicles and use local motor trade networks for servicing and maintenance. The use of local motor trade networks for service maintenance and repair will be actively encouraged in further competition documents. The use of local networks also has the benefit of minimising vehicle off-road times by reducing travel times to distant service and repair facilities.

### **Social considerations**

44. The use of frameworks will have due regard to section 149 of the Equality Act 2010 under which the council has a duty in its decision making processes to;
- Eliminate discrimination, harassment, victimisation or other prohibited conduct
  - Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
  - Foster good relations between those who share a relevant characteristic and those that do not share it.
45. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equalities Duty also applies to marriage and civil partnership. There are no equality implications associated with this procurement.
46. The London Living Wage is not applicable due to the supply nature of this contract. This is because suppliers to the framework are unlikely to have any employees or agency staff who meet the 'Relevant Staff' definition which states that London Living Wage applies to staff engaged on our contracts for 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks in a year.
47. The council will ensure that vehicles procured under framework agreements enable it to meet requirements relating to wider road safety issues, for example those of the London Cycling Campaign's Lorry Safety Project.

48. All vehicles procured under these arrangements will be capable of meeting the requirements of the Fleet Operators Recognition Scheme Gold, Silver and Bronze accreditation standards.

**Market considerations**

49. The UK fleet supply chain is very large, well developed and highly competitive. There are around ten major suppliers of fleet and most of these supply vehicles through lease arrangements within the three framework agreements that the council is able to use. Should it not be possible to procure a specialist vehicle required by the council through the framework agreements, a separate report will be prepared outlining a recommended strategy for procurement of those vehicles.
50. There are no local small and medium sized enterprises (SMEs) that supply to the framework agreements. However, framework suppliers may engage local commercial fleet dealerships to supply the vehicles and to undertake servicing and maintenance due to their proximity.

**Staffing implications**

51. Managing contracts that may be awarded to different suppliers within a framework agreement requires a higher level of resource than would be the case if only one supplier is used. Due to the award of contracts for commercial fleet to different suppliers under the Halton Housing trust framework for light commercial vehicles, this is already happening. The Fleet Services Team is managing those contracts within existing staffing levels and will continue to do so for fleet procured under these proposals.

**Financial implications**

52. Based on the nature and size of the current light goods vehicles and specialist fleet, the anticipated level of expenditure against the proposed framework agreement will be on average £690k per annum which equates to £3.45m over the five year lease terms. Assuming that the level of fleet requirements remains the same, it is unlikely that business units will require additional funding to meet the costs of contracts awarded under the proposed framework.

Group	Vehicle types	Number required	Annual cost estimate £000	Group totals
Light goods (7.5 tonnes and over) and specialist vehicles	Gully emptier	2	£78	22 vehicles £685,000 per annum
	7.5 tonne tipper	7	£133	
	Small mechanical broom	4	£130	
	Large mechanical broom	2	£60	
	Refuse collection vehicle	5	£250	
	Skip loader	1	£19	
	17.5 tonne lorry	1	£15	

53. The Fleet Services Team will engage with business unit managers in drawing up vehicle specifications, confirming numbers of vehicle required and undertaking the tendering and evaluation process to ensure there is an understanding of cost and impact on budget for before any contract is awarded under the framework.

There is no obligation for the council to procure any particular number and type of vehicles under the proposed arrangements, so business units have the freedom to deliver efficiencies and savings linked to the type, size and number of vehicles they use and the way that services are delivered.

54. In order to ensure that the charges for commercial fleet procured under the proposed arrangements are appropriately accounted for, it will be necessary to make a determination as to whether leases are classified as finance leases or operating leases. The information required to make this determination will be requested from suppliers as part of the further competition process so that the necessary accounting adjustments can be made in the council's annual statement of accounts.
55. The council will not receive any direct charge for the use of framework agreements. Framework hosts do receive payment from suppliers based on supply contracts that are entered into by users, the cost of which is built into the prices tendered in successful bids. These range between around 0.5 and 1 per cent of the whole contract value.
56. The use of framework agreements will not commit the council to any minimum or maximum level of spend. The cost of any future variations to the contract will be contained within the budgets of the end user business units.

#### **Legal implications**

57. Please see concurrent from the Director of Law and Democracy

#### **Consultation**

58. The following groups have been consulted as part of the evaluation of the frameworks:
  - Business units with the most significant fleet operations
  - Other authorities using the frameworks
  - Providers of frameworks.
59. The business units with the most significant fleet operations are Southwark Building Services and the Cleaning Service. The requirements of these services have been taken into consideration in drawing up the commercial fleet procurement strategy.
60. Framework hosts have provided documentation including details of tender processes and evaluations, framework terms and conditions, lease contract details and other supplementary information around support for users of framework agreements and contacts for authorities that are already using them.

#### **Other implications or issues**

61. There are no other implications or issues.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

62. This report seeks the approval of the Cabinet Member for Environment, Transport and the Climate Emergency to use the Crown Commercial Service RM6096 framework (or any new framework that directly replaces this), as a vehicle to procure light goods vehicles and specialist vehicles. This would cover the time period from 15 August 2020 to 28 February 2022 and would constitute up to a value of £3.42m over the full term of the relevant lease period for the vehicles in question.
63. As the vehicle purchases would be made at different times, these will be carried out in line with Contract Standing Orders in relation to the vehicle/s that are being procured at that time under this framework agreement.
64. London Living Wage does not apply to this contract as the staff involved do not meet the agreed definition of relevant staff as is detailed in paragraph 46. For similar reasons, there are no direct social value considerations that are available via this type of agreement.
65. The framework allows for specifying vehicles that meet the requirements of the Ultra-Low Emissions Zone and for the purchase of electric vehicles in support of the council's Carbon commitments as is set out in paragraphs 28 & 29. The plans for managing and monitoring the contracts once in place are set out in paragraph 35.

### **Director of Law and Democracy**

66. This report seeks the approval of the Cabinet Member for Environment, Transport and the Climate Emergency to the use of the Crown Commercial Service RM6096 framework, including any new framework that directly replaces this, to procure light goods vehicles and specialist vehicles for the period from 15 August 2020 to 28 February 2022 as further detailed in paragraphs 1-3.
67. The supply of vehicles at these values is subject to the tendering requirements of the Public Contract Regulations 2015 (PCR15). However, and as noted in paragraphs 26-27, the council intends to use the Crown Commercial Service RM6096 framework, which has been established following an EU compliant tendering process, and is established to allow local authorities to use for their own requirements. The tendering requirements of the PCR15 are therefore met. When vehicles are required, a mini-competition will be held through providers on the framework to identify the most economically advantageous response. A separate gateway 2 report will be presented to approve individual awards in accordance with contract standing orders, which will set out the contract value for each award..

### **Strategic Director of Finance and Governance (EL20/026)**

68. The strategic director of finance and governance notes the recommendation to the Cabinet Member for Environment, Transport and the Climate Emergency to approve the use of the Crown Commercial Service RM6096 framework, including any new framework that directly replaces this, to procure light goods

vehicles and specialist vehicles up to a total value of £3.42m (five year leases at an average of £685k per annum) for the period from 15 August 2020 to 28 February 2022.

69. Funding for the contract is from existing revenue budgets of the relevant operational business units. The strategic director of finance and governance notes that there are no additional financial implications.
70. Contract expenditure will be monitored on a regular basis as part of the departmental revenue monitoring process. Staffing and any other costs connected with this report will be contained within existing departmental revenue budgets.

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval - Commercial Fleet	Environment and Leisure, Waste and Cleaning Service, Integrated Waste Management Facility, Devon Street SE15 1AL	Michael McNicholas 0207 525 3449
<b>Link (please copy and paste into your browser):</b> <a href="http://moderngov.southwark.gov.uk/documents/s57202/Report%20Gateway%201%20-%20Procurement%20strategy%20approval%20commercial%20fleet.pdf">http://moderngov.southwark.gov.uk/documents/s57202/Report%20Gateway%201%20-%20Procurement%20strategy%20approval%20commercial%20fleet.pdf</a>		
Gateway 2 Procurement Strategy Approval - Commercial Fleet	Environment and Leisure, Waste and Cleaning Service, Integrated Waste Management Facility, Devon Street SE15 1AL	Michael McNicholas 020 7525 3449
<b>Link (please copy and paste into your browser):</b> <a href="https://moderngov.southwark.gov.uk/documents/g5144/Public%20reports%20pack%20Tuesday%2009-Feb-2016%2016.00%20Cabinet.pdf?T=10">https://moderngov.southwark.gov.uk/documents/g5144/Public%20reports%20pack%20Tuesday%2009-Feb-2016%2016.00%20Cabinet.pdf?T=10</a>		
Headline information about the framework agreements referred to in this report can be found on the relevant web-sites using the following links:  <b>Links (please copy and paste into your browser):</b>  <a href="https://assets.crowncommercial.gov.uk/wp-content/uploads/RM6096-VL-Industry-Day-Presentation-July-2018-FINAL.pdf">https://assets.crowncommercial.gov.uk/wp-content/uploads/RM6096-VL-Industry-Day-Presentation-July-2018-FINAL.pdf</a>  <a href="https://www.espo.org/Frameworks/Highways-vehicles/Vehicle-Contract-Hire-Leasing">https://www.espo.org/Frameworks/Highways-vehicles/Vehicle-Contract-Hire-Leasing</a>  <a href="https://www.ypo.co.uk/framework/detail/900194#framework_details">https://www.ypo.co.uk/framework/detail/900194#framework_details</a>  For more detailed information about individual framework agreements contracts please contact the named officer.	Environment and Leisure, Waste and Transport Service, Integrated Waste Management Facility, Devon Street SE15 1AL	Michael McNicholas 0207 525 3449

## APPENDICES

No	Title
Appendix A	Fleet Framework Agreements – OJEU details

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Environment, Transport and the Climate Emergency	
<b>Lead Officer</b>	Mick Lucas, Director of Environment	
<b>Report Author</b>	Michael McNicholas, Head of Waste and Cleaning	
<b>Version</b>	Final	
<b>Dated</b>	23.7.20	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation (for housing contracts only)	No	n/a
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>		
Cabinet Member for Environment, Transport and the Climate Emergency	Yes	Yes

## APPENDIX A

### Fleet Framework Agreements OJEU Details

<b>Crown Commercial Service (RM6096)</b>	
OJEU Details	
Term	Four years to 15 May 2023
OJEU Contract notice reference number	2018/S 232-530478
Contract award notice reference number	2019/S 092-222999
Number of suppliers - 41 over 4 lots  Lot 2 commercial vehicles – 8 suppliers	DAWSONGROUP TRUCK AND TRAILER LIMITED GO PLANT FLEET SERVICES LTD Hitachi Capital Vehicle Solutions RYDER LIMITED S.H.B. HIRE LIMITED SPECIALIST FLEET SERVICES LIMITED VENSON AUTOMOTIVE SOLUTIONS LIMITED ZENITH VEHICLE CONTRACTS LIMITED
<b>Eastern Shires Purchasing Organisation (218)</b>	
OJEU Details	
Term	Four years until 31 August 2017 extended four years to 31 August 2021
OJEU Contract notice reference number	2017/S 119-239177
Contract award notice reference number	2017/S 181-370435
Number of suppliers – Lot 2, six suppliers over 5 sub-lots, each sub-lot is for one or more of the vehicle types. Two suppliers provide the whole range of vehicle types under this framework. For each vehicle type required there are between 2 and 4 suppliers.	Briggs Equipment UK Ltd Econ Engineering Ltd Hako Machines Ltd Limesquare Vehicle Rental Ltd Riverside Truck Rental Ltd Specialist Fleet Services Ltd

**Yorkshire Purchasing Organisation (960)**

OJEU Details

Term	Four years until 4 October 2023
OJEU Contract notice reference number	2019/S 109-264964
Contract award notice reference number	2019/S 197-478082
Number of suppliers – Lot 17  Supply of specialist vehicles  refuse collection and waste management vehicles road sweepers winter maintenance vehicles gully emptiers, customised commercial vehicles (e.g. mobile libraries) welfare vehicles aerial and special appliances access platforms vehicle conversions, bus/coaches gritters, tippers	59 suppliers under Lot 17 - lease of specialist vehicles