

Notice of KEY Executive Decision

Subject Heading:	Award of contracts for ULEZ compliant assets for Grounds Maintenance & Bereavement Services.
Decision Maker:	Neil Stubbings – Strategic Director of Place
Cabinet Member:	Councillor Chris Wilkins – Cabinet Member for Finance
SLT Lead:	Neil Stubbings – Strategic Director of Places
Report Author and contact details:	Simon Blake 01708 433202 Simon.Blake@onesource.co.uk
Policy context:	Supporting the Places objectives within the Corporate Plan and in particular the Council's Air Quality Action Plan 2018-2023
Financial summary:	The total value of the proposed contract award is £2,141,000.93 funded from a combination of capital receipts generated from the disposal of existing vehicles and the Internal Leasing Reserve.
Reason decision is Key	Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	<i>1st December 2023</i>

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Relevant OSC:	Places O&S
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy

X

Resources - A well run Council that delivers for People and Place.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This report considers the procurement of 36 replacement vehicles for the Grounds Maintenance (32) and Bereavement Services (4), primarily for maintaining parks and open spaces but also Crematoriums and the landscapes within them. These service fleet vehicles do not currently meet the Euro 6 emissions standard. This is the standard now required to meet the recently introduced ULEZ changes which came into force on 29.08.23.

For the reasons set out in the report, it is recommended to agree the award of contracts via The Procurement Partnership Limited (TPPL) Framework: **Lot 2 Light Commercial Vehicles up to 5t GVW** to the following suppliers.

- **Lookers Limited** for the purchase of the following:

17 Electric Vehicles and 16 Diesel Vehicles - Total Value **£2,002,589.81**

- **Harris Maxus** for the purchase of the following:

1 Maxus Cab Tipper with Bin lift - Total Value **£56,432.10**

- **Motus Group (UK) Limited** for the purchase of the following:

2 Cage tippers with rear mounted tail lifts – Total Value **£81,970.00**

At a total combined value of **£2,141,000.93**

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3, para 3.3 of the Constitution – Powers of Members of the Senior Leadership Team.

Contract powers: (b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

Havering's grounds maintenance team is responsible for 108 parks and open spaces of approximately 2122 acres. These are maintained under the Keep Britain Tidy NI 195 standard, and use the official grading manual from Parks for London.

Grounds Maintenance are responsible for the following:

- Maintaining the status of 14 Green Flag Parks
- Grass care for 25 schools and school fields
- Maintaining 225 residential areas on a 15 day planned schedule
- Maintaining 670 roads on a 15 day planned schedule

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- Specialist grass care for the following sports facilities, 6 bowling greens ,8 cricket pitches, 9 running tracks and 97 football pitches

It is essential that the existing 32 out-of-life fleet vehicles are replaced, to meet the Ultra-Low Emission Zone (ULEZ) standard for inner and outer London. These current grounds maintenance vehicles are approaching 13 years old and are becoming uneconomical to run due to wear and tear on engines, transmissions, metal fatigue, chassis corrosion and parts availability. This has the effect of increased vehicle downtime and reduces vehicle fleet availability, impacting on the service. All of these vehicles are now out of their whole life cost (WLC) budgets increasing operational costs. The new proposed vehicles will have new WLC budgets assigned to them and be heavily used in the borough's parks and residential areas by the parks teams, maintaining the landscapes and well-being for local residents.

"Bereavement Services (BS) carries out over 3000 cremations and 350 burials annually over five separate sites across 80 acres. These sites are South Essex Crematorium, Upminster cemetery, Romford cemetery, Hornchurch cemetery and Rainham cemetery. BS also covers all memorial safety within three closed churchyards, St Edwards and Coronation Gardens in Romford and St Helens and St Giles in Rainham.

The memorial grounds located at South Essex Crematorium are extensive and have many established trees, shrubs, flower beds and a lake with a waterfall. The grounds maintenance and waste disposal across the five sites is substantial and is carried out by 26 operational staff using four vehicles. Three of the sites are graded annually for quality, customer service and grounds maintenance. These three sites have continually been graded gold standard by The Charter for the Bereaved and by London in Bloom. The memorial grounds and cemeteries are maintained to a very high standard which contributes significantly to the demand for the use of our facilities and the purchase of memorials; a significant part of BS's income. Last financial year the total income was £4,829,734."

It is essential that the 4 out of life vehicles are replaced so that the service can maintain the high standards accustomed to this service. The current vehicles are 10 years old and do not meet the Ultra-Low Emission Zone (ULEZ) standards. The proposed new vehicles will be Euro 6e with significantly reduced emissions. These new vehicles will also be using the Council's Fuel GTL which reduces emissions NOx and PM even further.

The TPPL Light Commercial framework was utilised to procure these vehicles. This framework under lot 2 has 25 suppliers, including diesel, petrol, hybrid, electric, liquid petroleum gas, hydrogen, and bio fuels. The Lot also covers vehicles purchased with body conversions including but not limited to Tippers, Drop-side, Luton, Flat, Curtain-side, Recycling, Aerial platforms, Jettors, Cranes, Street lighting and any other body an eligible body may require.

The Council's requirements have been met via five mini-competitions under Lot 2 of the framework. The five separate mini competitions were for diesel trucks, diesel panel vans, diesel single cab pick-up trucks, electric single cab tippers, and electric MWB high roof vans.

A mini-competition carried out under this framework offers an EU compliant and competitive route to market and is considered to offer the optimum and best value route to market.

Procurement Process Adopted:

The TPPL Framework runs for 48 months until April 2027.

The Framework provides access to 25 suppliers (with a mix of OE manufacturers and specialised vehicle converters).

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The relevant Contract notices are: Contract Notice Award Notice 2022/S000-035736 2022/S 000-009869

Specifications were provided by the stakeholder Simon Blake, Head of Transport - these were then signed off internally and reviewed by TPPL before they issued a mini competition via their DELTA e-sourcing portal on our behalf.

The evaluation panel comprised of 2 members of the Transport team, each member evaluated and scored the tender bid packs on the framework providers (TPPL) scoring matrix. The evaluation team then reviewed to agree a group score. The scores was shared with Procurement Gateway 2 for transparency. The group signed off and agreed the final outcomes which represent this award.

Throughout the mini competition the framework provider (TPPL) held Clarification questions with suppliers based on specifications provided with responses sent directly to the framework provider (TPPL). Financial checks on the companies will be taken prior to award.

The Framework permits mini-competitions, inviting all Suppliers on the relevant Lots to bid on the specifications provided. Therefore, officers conducted mini competitions and tenders have been evaluated against the frameworks pre-determined best price-quality ratio of 40% price and 60% quality weightings.

The quality ratings was broken down into the following categories:

- Aftersales 20%
- Delivery 20%
- Dealer Network 10%
- Breakdown cover (VOR) 5%
- Parts Delivery 5%
- Compliance with specification Pass / Fail

The 36 vehicles require replacement with Euro 6 standard models in order to achieve compliance with the LEZ/ULEZ regulations. A full procurement exercise has been undertaken via a national framework comprising multiple suppliers to achieve the most competitive prices.

For the reasons set out above, the process seeks award approval.

OTHER OPTIONS CONSIDERED AND REJECTED

Do nothing

In light of the increasing demand upon the Grounds Maintenance and Bereavement Services in recent years, it is considered essential to replace the old and non-compliant existing fleet with new vehicles. These vehicles are beyond their natural operating life and extending the life of the vehicles will see them subject to ULEZ charges, more age related breakdowns with increased maintenance and additional hire costs. This would impact on the services they deliver to the public and Council.

Operating non-compliant vehicles exposes the Council to the pan London wide ULEZ enforcement, which comes into effect from 29th August 2023. If the vehicles are not replaced the

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financial impact is a fine of £12.50 per day x 36 = £450 per day for the 36 non-compliant vehicles for every occasion that a vehicle enters the ULEZ/LEZ area.
This equates to £450 x 5 x 4.3 weeks = £9,675 per calendar month or £116,100 for a full year, based on a 5 day working week.

Additionally, having New EURO 6e and Zero Emission vehicles is less damaging to the environment and helps reduce the carbon foot print of Havering's fleet.

Spot Hire

These vehicles especially the (electric vans or trucks) due to their various complexity or specifications are extremely hard to acquire via spot hire. Currently, electric trucks are expensive and new to the market, so we are only able to hire Diesel Trucks at present.

Contract hire rather than purchase

These vehicles require a large capital investment which specialist hire companies would have little interest in. Maximum contract hire term is 7 years and the annual lease charges would be higher than purchasing them outright. Contract hire also has limited mileage clauses and betterment charges (damage, unfair wear and tear) at the end of the contract period.

BEV (Battery Electric Vehicle) and Infrastructure

Having reviewed both Grounds and Bereavement services fleet, there is scope to shift some of these vehicles 17 (Grounds) to full BEV. It has been agreed that not all vehicles can switch to electric power trains. This is due to the high demand on the vehicles, taking into account range anxiety (summer and winter) which does affect battery range due to the amount of draw on the vehicles batteries for heating, lighting and wipers especially in the winter months. Also there is currently a limited amount of charging points within the borough and this will need to change in the near future.

PRE-DECISION CONSULTATION

None.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Simon Blake

Designation: Head of Transport

Signature: *S. Blake*

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council is responsible for maintaining the parks and open spaces that it owns. The Council is making a decision to make three contracts to buy certain vehicles for that purpose.

The Council has the power to make contracts for the purchases of the vehicles through section 111 of the Local Government Act 1972, which allows the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions, or through its general power of competence in section 1 of the Localism Act 2011 to do anything that individuals generally may do. There are limitations on the general power of competence, but the limitations do not apply to this decision.

The contract value is above the applicable public procurement threshold for supply contracts stipulated in the Public Contracts Regulations 2015 ("PCR") of £214 904. Therefore, it is subject to the full PCR regime.

Officers have conducted mini competitions using the Procurement Partnership Limited (TPPL) Light Commercial Vehicles up to 5t GVW Procurement Framework (Contract Award Notice 2022/S 000-035736) for the purchase of replacement vehicles in accordance with the Council's Contract Procedure Rule 20.4, which requires all purchases under a multi supplier framework to follow the express framework provisions for choosing a supplier and if there are no such express provisions to hold mini-competitions amongst the relevant suppliers.

For these reasons, the Council can award the contracts.

FINANCIAL IMPLICATIONS AND RISKS

Capital Cost:

The purchase of the 36 new vehicles will cost £2,141,000.93.

Capital Funding:

Replacement vehicles across the corporate fleet are largely funded from the Internal Lease Reserve with a contribution from capital receipts generated from the sale of existing vehicles. The Internal Lease Reserve will be replenished over the useful life of the vehicles through the annual whole life cost charge to revenue. The Council generally purchases fleet assets (rather than leasing or contract hire) and then applies an internal financing charge over the operational life of the vehicle. This financing charge is set at a rate that replenishes the vehicle replacement reserve on a rolling basis. The existing vehicle will be sold, realising a capital receipt and the reserve is used to fund the difference between the sums realised from sale of the old vehicle and the purchase price of its replacement.

If agreement to allocate £2,141,001 is made for the purchase of 36 vehicles, the amount of unallocated internal leasing reserve will be £381,412 as set out below. This is a prudent estimate that assumes there is no sales value in the old vehicles.

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Internal Leasing Balance 1/4/23	924,332
Original Allocation for purchase of 36 vehicles	1,978,000
2023/24 Payments into Internal Leasing Reserve	838,522
2024/25 Payments into Internal Leasing reserve	780,579
	4,521,433
2023/24 Purchase of 36 vehicles	-2,141,001
2024/25 Purchase of Passenger Transport Vehicles	-1,999,020
Unallocated Internal Leasing Balance	381,412

Revenue Costs and Funding:

As stated above, there will be an annual charge to the Grounds Maintenance & Bereavement Service revenue budgets to reflect the whole life cost (WLC) of the vehicles. These charges are £270 000 per annum and £31 000 per annum respectively which includes replenishing the internal lease plus annualised costs of the estimated routine maintenance or MOT costs, road fund licence and insurance costs over the life of the vehicle. The table below compares the revenue costs associated with replacing the new vehicles with the revenue cost of the old vehicles. However, it should be noted that the table below only includes planned maintenance and not unplanned maintenance which increases dramatically the older the vehicles become. Further the annual ULEZ figure is based on an estimate stemming from the experience of the fleet in question in November and December outlined below.

Item	Old Vehicles	New Vehicles	Difference
Tax	10,130	6,080	- 4,050
Financing	131,327	236,333	105,006
Maintenance	69,457	58,349	- 11,108
ULEZ	58,500		- 58,500
Total	269,414	300,762	31,348

Furthermore, there are financial implications of delaying the purchase of these 36 vehicles due to the ULEZ expansion which came into force on 29th August 2023, as the current vehicles are non-compliant and expose the council to a daily charge of £12.50 per vehicle. This equates to $36 \times 12.50 = £450$ per day or £3,150 per week. Although not all vehicles may receive a daily charge, over an 8 week period between September and November, the existing vehicles have attracted fines of £9 000 which will be funded from additional external income. Therefore, it is beneficial to acquire the new vehicles in a timely manner to prevent further fines being incurred.

The above figures exclude the risk of unplanned maintenance costs arising as a consequence of continuing to operate ageing assets and consequential costs such as temporary hire of vehicles to cover periods when fleet assets are off-road awaiting repair.

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HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no anticipated HR issues resulting from this decision

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

In all situations, urgent or not, the Council will seek to ensure equality, inclusion, and dignity for all.

The proposed decision will have no impact from an equalities or social inclusion perspective.

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HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Below lists the positive health and wellbeing implications relating to the proposed decision to purchase the 36 vehicles designed to Maintain Parks, Sports Fields, Open Spaces, residential areas, Crematoriums and Landscapes.

- The new vehicles are designed for maximum comfort and come with full climate control, tinted windows to aid staff Mental health and wellbeing.
- The new vehicles are required to maintain full accessibility to parks, residential areas, sports grounds and crematorium walk ways including landscaping of adjacent areas to burial beds.
- Employment, income, opportunities for economic development.
- Public access to parks and recreational areas improving health and social well-being.
- Mowing, flower bed maintenance and recycling of raw materials have environmental benefits encouraging bees and insects to thrive in parks, flower beds and hanging baskets.
- The new vehicles will improve air quality due them either running on Gas to Liquid (GTL) or being fully electric.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

Of the 36 Vehicles to be purchased 19 are EURO 6 with stop start systems and Ad blue. A treatment injected into the SCR (Selective Catalytic Reduction) systems which removes harmful nitrogen oxide converting it into nitrogen and water. 17 are fully electric with zero tail pipe emissions.

All 36 New vehicles will be fully compliant to meet the strict ULEZ or LEZ standards for London and 19 will be running on GTL. This is the current green alternative fuel to diesel which all of Havering's current fleet vehicles operate on.

GTL complies with EN15940 standards and reduces NOx by 37% and Particulate Matter by 50% reducing our carbon footprint.

Other advantages of GTL:

- It has a much higher cetane number (fuel burns better within the engine)
- It has a higher mass calorific value
- It has a lower sulphur levels
- It has lower levels aromatics
- It is almost free from other unsaturated molecules such as olefins (unsaturated hydrocarbon compounds)
- More efficient combustion at lower temperatures (improved cold starting)
- Fully Bio- Degradable and Non Toxic with a low hazard rating (evaporates if spilt)
- Reduced noise levels by 1-4Db (uniform combustion shortens ignition delay reducing diesel knock)
- Reduced fuel consumption due to a more efficient fuel burn rate
- No smell from the fuel or from the exhaust

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- Reduction in the following harmful gases: Nitrogen oxides (NO_x) Particulate Matter (PM) Carbon monoxide (CO) and Hydrocarbons (HC) all associated with respiratory illness.

Other measures to reduce fuel consumption:

All drivers are subjected to periodic training which includes eco driver training and anti-idle training, which identifies the health benefits and the impact on the environment from efficient driving techniques.

All vehicle routes are designed to be as fuel efficient as possible taking into consideration distance, time and destination, especially when disposing of waste materials.

BACKGROUND PAPERS

None

APPENDICES

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Proposal NOT agreed because

Details of decision maker

Signed

Name: Neil Stubbings
Strategic Director of Place
Date:

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

<p>For use by Committee Administration</p> <p>This notice was lodged with me on _____</p> <p>Signed _____</p>
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Executive Decision Report Audit Trail				
Position/Title	Directorate	Date Sent	Date received	Date Cleared

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	Cabinet Lead Member			
	SLT Director			
	Legal			
Business Partner	Finance			
Business Partner	Human Resources			
	Equalities			
	Health			
	Democratic Services			