

Commissioning and Procurement Executive Committee – 12 September 2023

Subject:	Dynamic Purchasing System for provision of ULEV and Hybrid type vehicles		
Corporate Director:	Colin Parr – Communities, Environment and Resident Services		
Portfolio Holder:	Councillor Angela Kandola - Highways, Transport and Planning		
Report author and contact details:	Holly Fisher holly.fisher@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Andrew Smith, Assistant Fleet Manager Anthony Heath, Senior Solicitor, Contracts and Commercial Paul Ritchie, Procurement Category Manager, Products Tom Straw, Senior Accountant (Capital Programme)		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital (see finance comments)		
Total value of the decision: £10,000,000 over 10 years (£1,000,000 per annum)			
Wards affected: All			
Date of consultation with Portfolio Holder:			
Relevant Council Plan Key Outcome:			
Green, Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input checked="" type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input type="checkbox"/>		
Living Well in our Communities	<input type="checkbox"/>		
Keeping Nottingham Moving	<input checked="" type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Serving People Well	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
The service area is seeking permission to establish and manage a Dynamic Purchasing System (DPS) for the provision of Ultra Low Emission Vehicle (ULEV) and Hybrid type vehicles. This DPS will be accessible by all other public sector contracting bodies and the service specification of the DPS will allow for supply and maintenance.			
Exempt information: None			
Recommendations:			
1 To approve undertaking a procurement process to establish an Ultra Low Emission Vehicle Dynamic Purchasing System for all UK public sector contracting authorities with respect to Ultra-Low Emission Vehicle cars, light vans and passenger carrying vehicle purchases.			

2 To delegate authority to the Corporate Director for Communities, Environment and Resident Services to:

- (a) enter into the initial Ultra-Low Emission Vehicle Dynamic Purchasing System to the Director of Resident Services;
- (b) sign all call-off orders under the terms of the Dynamic Purchasing System.

1. **Reasons for recommendations**

1.1 A DPS is a two-stage process that is used as a mechanism through which the Council will then procure vehicles. The benefits of establishing a DPS, rather than a framework are:

- a DPS is open during its lifecycle, which means new providers can apply to the DPS at any point in time. There is no limit to the number of providers that can be admitted onto the DPS;
- there is not a fixed pricing schedule meaning that there is constant competitive tension. Not having a fixed pricing schedule shares the risk of market volatility between the supply chain and Council;
- constant competition for the supply of vehicles with an overarching specification avoiding the risk of over-specification and limiting future offers.

1.2 The DPS will consist of eight lots. There is no limit on the number of providers accepted onto each lot. Suppliers can apply for any and all lots:

- Lot 1 - Cars, MPV's, 4x4's, SUV's, including WAV options etc;
- Lot 2 - Light Commercial Vehicles up to a maximum of 7499kg GVW;
- Lot 3 - Minibuses (including Wheelchair accessible vehicles);
- Lot 4 - Sweepers up to a maximum of 18T GVW all configurations;
- Lot 5 - Large Goods Vehicles up to a Maximum of 32T;
- Lot 6 - Buses & Coaches (Midi-buses);
- Lot 7 - Scooters and Motorcycles;
- Lot 8 - Repower of existing Internal Combustion Engine vehicle chassis.

1.3 The structure of the DPS considers not only any future fleet requirements, but those of other Council departments (Greenspace, WhyNott Transport, Zebra projects, etc).

1.4 Individual or multiple vehicles can be bought under the terms of the DPS.

1.5 The rebate payable by users of the DPS is (on average) 0.5% lower than third party framework and DPS providers and nationally accessible by all public sector contracting bodies.

1.6 Under the terms of any DPS, there is not a commitment to spend or to place a minimum number of orders.

2. **Background (including outcomes of consultation)**

2.1 At present, the service area has a framework in place for the provision of ULEV and Hybrid type vehicles. This framework was for an initial two-year period, with the option to extend for two further twelve-month periods. This framework is accessible to

all other public sector organisations with a 1% rebate payable to the Council from the named suppliers.

2.2 The framework has been accessed by 10 other public sector organisations, with a combined spend of circa £2,500,000. These purchases have also been factored into the structure of the DPS.

2.3 The structure of the framework is fixed, meaning that regardless of conditions in the market or supply base, new suppliers cannot join. At times, the framework has prevented new entrants to the market from being able to access opportunities with the Council. As an example only, manufacturers including Mercedes Vans, Kia Cars, Vauxhall, Fiat, Peugeot, Citroen cars and vans and Renault Trucks have recently been unable to access opportunities with the Council. A DPS is open during its lifecycle, which means new providers can apply to the DPS at any point in time as long as they satisfy the published criteria.

3. **Other options considered in making recommendations**

3.1 Renew framework in its current structure – this option was rejected to enable the supply base to grow and to offer the client team assurances of their needs being met via a compliant procurement mechanism. A framework is also limited in its potential maximum length, four years. A DPS can be longer and the criteria used should maximise the chance of ‘future-proofing’ the arrangements for the proposed term.

3.2 Undertake ad-hoc tenders at the point of demand – this option was rejected to avoid any duplication of work and to ensure all vehicle purchases are going through a compliant procurement mechanism with a specification created with the Council in mind.

3.3 Access external third-party frameworks at the point of demand – this option was rejected to avoid any duplication of work and to be paying any rebate fees to third parties as opposed to benefitting from rebates paid to the Council by 3rd party users of the DPS. Creating our own DPS also provides a way to ensure all vehicle purchases are going through a compliant procurement mechanism with a specification created with the Council in mind.

4. **Consideration of Risk**

4.1 Supplier Failure – there will be a contract and scoring mechanism within the DPS terms that means any supplier that does not meet its obligations can be removed from the DPS. Supplier Performance can be monitored and managed utilising the existing procurement system.

4.2 Market Volatility – a DPS does not provide a schedule of rates/basket of goods, as prices are provided at the point of requirement and so reflected the market rate at the time. This does not provide the Council with assurances on potential cost, but there will not be a commitment to purchase any asset without a Purchase Order.

5. **Best Value Considerations**

5.1 All requirements will be competitively tendered at the time of requirement, thereby maintaining competitive tension.

5.2 Fleet have introduced a new robust business case process which is required of each individual replacement vehicles. The business case is required evidence approvals,

Funding, service need, and alternative service delivery options including but not exclusive to extending the life of the current fleet or increased utilisation of the current fleet.

- 5.3 CN28 and the reduction in fleet emission is mitigated through the replacement of current vehicles with new ULEV or EV alternatives where reasonably practicable which this DPS system is designed for.

6. **Finance colleague comments (including implications and value for money/VAT)**

- 6.1 The approved Capital Programme for 2023/24 has a fleet replacement budget of £3.654m. As part of balancing the capital budget future year spend (i.e. 2024/25 to 2026/27) has been classed as temporarily decommissioned due to shortfall in secured capital receipts when the budget as set.
- 6.2 As part of the capital budget consultation it is anticipated the 2024/25 budget will be recommitted. It is the project manager's responsibility to ensure that the purchasing of the ULEV / Hybrid vehicles is within the approved budgets set as part of the capital budget process.
- 6.3 This decision doesn't require endorsement by the Capital Board as it relates to an already approved project.

Tom Straw, Senior Accountant (Capital Programme) - 25 August 2023

7. **Legal colleague comments**

- 7.1 This report seeks permission to establish a Dynamic Purchasing System (DPS) for the provision of Ultra Low Emission Vehicle (ULEV) and Hybrid type vehicles for the Council but also available to other public bodies.
- 7.2 Generally, this proposal raises no significant legal concerns and Legal Services will support the procurement process, contract creation and contract management.
- 7.3 The Council will need to ensure compliance with the Public Contract Regulations 2015, in particular Regulation 34, and the Council's Constitution in both the market engagement and the subsequent contracting arrangements.
- 7.4 From a practical perspective, the Council will need to ensure that it manages the DPS actively, dealing with under-performance expeditiously especially where 3rd party public bodies are accessing the DPS.

Anthony Heath, Senior Solicitor, Contracts and Commercial - 17 August 2023.

8. **Other relevant comments**

Procurement colleague comments

Procurement colleagues will assist with the tendering process and will ensure a fully compliant, value for money DPS is set up.

Paul Ritchie, Procurement Category Manager, Products – 27 July 2023

9. **Crime and Disorder Implications (If Applicable)**

- 9.1 N/A

10. Social value considerations (If Applicable)

10.1 Due to the anticipated overall value, all suppliers applying to the DPS will be expected to agree to the Business Charter and meet the specified employment and opportunity targets.

11. Regard to the NHS Constitution (If Applicable)

11.1 N/A

12. Equality Impact Assessment (EIA)

12.1 An EIA is not required because the DPS is for the provision of vehicles only and considers existing contract spend.

13. Data Protection Impact Assessment (DPIA)

13.1 A DPIA is not required because the DPS is for the provision of vehicles only.

14. Carbon Impact Assessment (CIA)

14.1 A CIA is not required.

15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

15.1 None.

16. Published documents referred to in this report

16.1 None.