

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

12/02/19

Subject:	Approval to establish procurement approach for ULEV vehicles and infrastructure	
Corporate Director(s)/ Director(s):	Chris Henning, Corporate Director of Development and Growth Andy Vaughan, Corporate Director of Commercial and Operations	
Portfolio Holder(s):	Councillor Dave Liversidge, Portfolio Holder for Transport and HR Councillor Sally Longford, Portfolio Holder for Energy and Environment	
Report author and contact details:	Rasita Chudasama, Principal Transport Planner Rasita.chudasama@nottinghamcity.gov.uk , 0115 876939	
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 type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input 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	
Total value of the decision: £10million		
Wards affected: All	Date of consultation with Portfolio Holder(s): Councillor Dave Liversidge, Portfolio Holder for Transport and HR Councillor Sally Longford, Portfolio Holder for Energy and Environment – Tues 22 nd January 2018	
Relevant Council Plan Key Theme:		
Strategic Regeneration and Development		<input type="checkbox"/>
Schools		<input type="checkbox"/>
Planning and Housing		<input type="checkbox"/>
Community Services		<input type="checkbox"/>
Energy, Sustainability and Customer		<input checked="" type="checkbox"/>
Jobs, Growth and Transport		<input checked="" type="checkbox"/>
Adults, Health and Community Sector		<input type="checkbox"/>
Children, Early Intervention and Early Years		<input type="checkbox"/>
Leisure and Culture		<input type="checkbox"/>
Resources and Neighbourhood Regeneration		<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users): The purpose of this report is to seek approval to undertake two procurement exercises to procure Ultra Low Emission Vehicle (ULEV) fleet vehicles and supporting infrastructure. It is proposed to establish two frameworks for a period of four years for ULEV vehicles and ULEV infrastructure. Both options will be made available to all UK public sector authorities for use.		
Exempt information: State 'None' or complete the following. None		
Recommendation(s):		
1 To approve undertaking a procurement process to establish an Ultra Low Emission Vehicle (ULEV) framework for all UK public sector contracting authorities with respect to ULEV cars, light vans, minibuses and taxi purchase.		
2 To approve undertaking a procurement process to establish a framework for all UK public sector contracting authorities with respect to ULEV charge point infrastructure purchase.		
3 To delegate authority to enter into the ULEV framework contract award to the most advantageous tenders received to the Corporate Director of Commercial and Operations.		
4 To delegate authority for the initial ULEV infrastructure contract award to the most advantageous tenders received to the Corporate Director of Development and Growth.		

- | | |
|---|---|
| 5 | To delegate authority to the Corporate Director of Commercial and Operations to award call off contracts under the ULEV vehicle framework. |
| 6 | To delegate authority to each of the Corporate Director for Commercial and Operations and the Corporate Director of Development and Growth to award call off contracts under the charge point infrastructure framework. |

1 REASONS FOR RECOMMENDATIONS

- 1.1 The council has an ambition to transition 22% of its fleet to Ultra Low Emission Vehicles (ULEV) by 2020 to support the council's wider transport and air quality objectives. With 50 vehicles already converted and a further 50 vehicles to be added to the fleet by December 2019, the council is well on the way to meeting its target. Due to a lack of availability of ULEV options through existing frameworks, procurement of the council's ULEV cars and vans has been undertaken through single procurement exercises. In order to allow for better value for money and efficiency, the council proposes to create a ULEV fleet framework comprising cars, vans, minibuses and taxis for a four year duration. Establishing a UK public sector authorities' framework has the added benefit for other councils' and public sector fleet operators to purchase cars and blue light service vehicles. Specifications for each of the vehicle types have been devised to ensure that a wide range of vehicle manufacturers can tender for the opportunity to form part of the framework.
- 1.2 Currently there are many frameworks available to the public sector to purchase ULEV charge point infrastructure, but few if any can be used by EU funded projects as they are not OJEU compliant. Nottingham City Council is part of the EU funded Interreg CleanMobilEnergy project which will see the introduction of 40 vehicle to grid compatible charge points cited at Eastcroft Depot. The council will need to procure these units. Given the fast evolving nature of the market, new suppliers are bringing technology to the market all the time. Establishing a framework will allow for all public sector authorities to purchase the latest technology.
- 1.3 The Government launched its Road to Zero Strategy in 2018 with a target for all new internal combustion engine sales to cease by 2040. The shift to ULEVs is also taking place in local authority policies as part of plans to improve air quality. By leading the two procurement exercises, the council can apply a 1% rebate for sellers to generate income with every use of the frameworks.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Nottingham City Council, in partnership with Nottinghamshire County Council and Derby City Council, is one of four cities in the UK to be awarded funding as a 'Go Ultra Low City' to introduce measures that will support the uptake of ULEVs across the local area. The programme includes the conversion of the council's cars and vans to ULEV, alongside a number of specialist fleet vehicles e.g. street sweepers and cage tippers in an attempt to lead by example and improve local air quality.
- 2.2. The council is part of a framework (with Perry's) with other purchasing authorities in Nottinghamshire when procuring internal combustion engine vehicles. However there are few established frameworks the council can utilise to procure ULEVs. This is requiring the council to continually perform single procurements and mini-competitions adding to avoidable work and unnecessary delay with introducing the vehicles into operation.

- 2.3 As a result of leading the Go Ultra Low programme, a significant level of expertise and knowledge of ULEV technologies has been built up, establishing Nottingham as a leading local authority on low emission vehicles. Our reputation and expertise provides the council with a unique opportunity to develop and establish a new framework to purchase additional fleet ULEVs, which will consist of cars, vans, minibuses and Hackney Carriage taxis. This will also facilitate the wider take up of ULEVs across other public sector authorities in the UK. The benefit of establishing a framework will result in an OJEU compliant process, through which suppliers will have been assessed and evaluated on value for money. Cenex undertook market potential for UK public sector authorities to procure ULEV vehicles and the market is valued at £200m over the four years, whilst the council's expenditure in vehicles over that period is valued in the region of £7m. Council expenditure will be met from the capital Vehicle Replacement Programme.
- 2.4 The council is part of a £1.5m EU funded CleanMobilEnergy project (previously agreed by Delegated Decision 3202). The project will help the council increase renewable energy generation, reduce operational energy and fleet costs, thereby saving the council money. The project will see 40 fleet ULEVs which are vehicle to grid compatible connected to a battery through special vehicle to grid charge points (allowing a bi-directional flow of energy). Solar panels placed on the Tamar building will collect green energy and be either used to power the building or stored in a battery to discharge into the grid or be used at a later stage. A new procurement will need to be carried out to procure these vehicle to grid charge points.
- 2.5 Through a linked Innovate UK funded vehicle to grid project (Evolocity), the council is participating with a consortia of partners to research the commercial benefits of utilising vehicle to grid technologies. Evolocity is being led by research and development company, Cenex, whose role is to establish a national set of standards for ULEV charge point infrastructure on behalf of Government. As a result. Cenex have developed a series of technical specifications and have identified an opportunity to establish a UK wide procurement which will offer a one-stop shop for public sector authorities to purchase charge point hardware, software, maintenance packages and services. What makes it unique is that there is no one-stop solution framework currently available which is focused on current and future ULEV smart charging technologies.
- 2.6 Cenex asked the council to lead in establishing a framework arrangement for the procurement of these ULEV charge point technologies. £30m Innovate UK funding has been awarded to 21 projects across the UK; the majority of which include a public sector partner, Most of these projects will have a requirement to purchase ULEV infrastructure. Again, this puts Nottingham in a strong position to maintain its leading position in ULEV delivery. The ULEV infrastructure framework work will also complement the ULEV vehicle framework being delivered by the council.
- 2.8 Cenex undertook market potential for UK public sector authorities to procure infrastructure and the market is valued at £700m for the first five years, whilst the council's expenditure is expected to be in the region of £3m. Council expenditure will be met from external grant funding. There is an opportunity for the council to charge a 1% rebate paid by the suppliers on the framework to the authority, presenting an income generation opportunity.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Three options to (1) do nothing (2) undertake Nottingham City Council only procurements and (3) carrying out a UK wide procurement were considered.
- 3.2 The council could consider to do nothing. This would result in a breach in the terms and conditions for various sources of external grant funding which has been awarded to purchase ULEV vehicles and associated infrastructure in order to achieve the council's clean air objectives. This option has been rejected as it risks a loss of funding and damage to the council's reputation.
- 3.3 The second option would result in the council procuring both ULEV vehicles and infrastructure for council only projects. Given the known market opportunities around ULEV fleets and required infrastructure this would result in a lost opportunity to achieve best value for money and would also lose the potential for income generation through the 1% rebate. This option was rejected as delivering less value for money.
- 3.4 The third and recommended option is for the council to undertake two procurements to serve the twin aims of responding to the council's procurement needs and also facilitate purchase by other public sector authorities across the UK. This approach would not require any significant additional work and can be delivered using the existing Due North procurement portal and via in-house staff (fleet, transport, procurement and legal services). This approach is recommended to ensure the best value for money is secured through the potential scale of purchases, provide the authority with an income opportunity and to further enhance the council's reputation. It is anticipated that the management of the frameworks can be accommodated within existing resources.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The Vehicle Replacement Programme is already part of the Capital Programme and the Council is already part of a £1.5m EU funded CleanMobil Energy Project (DDM 3202 referenced in paragraph 2.4).
- 4.2 Setting up the framework has no additional costs for the City Council and should additional Legal advice be required, funding is available for this.
- 4.3 The potential income from 1% rebate paid by suppliers on the framework is not in the budget. Once it is known how much income this will generate and when it will be received, this will contribute to the Council's overall financial position.
- 4.4 Implementing this framework therefore has no financial pressure and potential financial income for the Council and would support our future MTFP.

Susan Tytherleigh, Finance Business Partner, 21/01/19

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 This report proposes to award two frameworks for ULEV vehicles and ULEV charge point infrastructure. The frameworks will be awarded following a procurement process which complies with the Public Contracts Regulations 2015. To ensure the framework can be used by other local authorities and public bodies the City Council must ensure those other authorities and bodies are referred to in the procurement advertisement and the necessary call off procedures are built into the framework.
- 5.2 The value of this decision is stated as £10m but the procurement advertisement will need to state the estimated value for all the potential users of the frameworks.
- 5.3 The City Council will take advice from advisers such as Cenex to ensure it includes in the framework the right mix of lots for the different types of vehicles and charging infrastructure. Identifying the lots is not straightforward and there is no guarantee that other authorities and bodies will utilise the framework.
Andrew James, Team Leader, Legal and Governance ext 64431, 18/01/2019.
- 5.4 Procurement colleagues will assist with both tendering exercises to ensure that fully compliant, value for money frameworks are entered in to.
Paul Ritchie, Procurement Lead ext 64194, 21/01/2019.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

7.1 Nottingham City Council will make all known local suppliers aware of this opportunity and encourage their participation in the process to increase the amount of money being spent in the local economy, also the uptake and use of the products being procured will improve the air quality in the city.

8 REGARD TO THE NHS CONSTITUTION

8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes



Attached as Appendix x, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 N/A