



**REPORT TITLE: Procurement of new vans for Gloucestershire Industrial Services (GIS)**

<b>Cabinet Date</b>	29 <sup>th</sup> March 2023
<b>Cabinet Member</b>	Cllr Kathy Williams – Adult Social Care Delivery
<b>Key Decision</b>	Yes
<b>Purpose of Report</b>	To seek approval for the phased procurement of new, greener, vans for Gloucestershire Industrial Services (GIS) to support vulnerable people living at home.
<b>Recommendations</b>	<p>That Cabinet delegates authority to the Executive Director of Economy, Environment &amp; Infrastructure, in consultation with Director of Operations for Adult Social Care and the Cabinet Member for Adult Social Care Delivery to:</p> <ol style="list-style-type: none"><li>1. Conduct a mini-competition processes under Lot 2 of the Crown Commercial Services (CCS) Vehicle Purchase RM6244 Framework Agreement in respect of a call-off contract for the supply of 10 electric 3.5t Box Vans to meet the immediate business requirements (phase 1).</li><li>2. Award such call-off contracts to any preferred tenderer(s) as required.</li><li>3. Carry out a study of charging capacity, vehicle utilisation, demand and requirements and report back to a future Cabinet meeting with proposals and recommendations for the replacement of the rest of the GIS fleet as part of a phase 2 approach.</li></ol>

<p><b>Reasons for Recommendations</b></p>	<p>The GIS Fleet is ageing with 20 vehicles identified as needing to be replaced over the next 2 years. The total number of vehicles procured through the phase 1 and phase 2 approach would not exceed this figure. Should vehicle utilisation and route planning be improved then this total number may reduce.</p> <p>The GIS workforce use vehicles in the delivery, collection, maintenance, and minor adaptations of medical and telecare equipment to support people in their home.</p> <p>The procurement of new vehicles will address operational risks associated with using older, less reliable vehicles, by ensuring that sufficient suitable vehicles are available to meet service area requirements. The specification of these vehicles will include the use of new technologies to reduce operational carbon emissions in line with the council's Climate Change strategy and targets.</p> <p>The phased approach will ensure that the most effective and sustainable mix of, and number of vehicles, is procured which takes account of the ongoing needs of the service and developments in EV technology and cost.</p>
<p><b>Resource Implications</b></p>	<p>GCC Capital funding of £678,805 was secured in the 2021/22 budget for the procurement of up to 20 3.5tonne vans.</p> <p>This will be sufficient to fund Phase One of the vehicle replacement programme with surplus funding available for Phase Two once the feasibility study is finalised. Phase Two will be the subject of a further Cabinet report.</p> <p>The vehicles will be procured by the Corporate Fleet Unit (CFU) using the existing Crown Commercial Services Framework Agreement. There are no charges for using this Framework. Procurement officers within GCC will ensure that due diligence is applied throughout. There is sufficient fleet related knowledge within GIS and GCC to draw up a vehicle specification based on user requirements. No additional resource implications exist.</p> <p>The total cost of the procurement over both phases will depend on the number and specification of the vehicles purchased. This number is determined by site constraints, such as the availability of charging locations and power supply and developments in EV technology. However as these are developed, then the cost of the procurement may increase up to £960k to account for a total of 20 EV's (these have a higher purchase cost but operational and whole life costs are lower).</p> <p>If this were to be the case the additional cost of EVs purchased could be met from the Disabled Facilities Grant as a social care project. However the future funding implications will be included in the phase 2 report to a future Cabinet meeting.</p>

<b>Background Documents</b>	<p>Cabinet Decision (22/07/2020)  <a href="#">Replacement of GIS (Healthcare) Fleet Vehicles</a></p> <p>County Council 15/05/2019 – Motion 836 Carbon action plan motion  <a href="https://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=333&amp;MId=9141&amp;Ver=4">https://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?CId=333&amp;MId=9141&amp;Ver=4</a></p> <p>Purchase of Existing (GIS Healthcare) Fleet - ICM – Purchase of GIS Fleet Final Version</p>
<b>Statutory Authority</b>	N/A
<b>Divisional Councillor(s)</b>	All
<b>Officer</b>	Name: John Townsend (Corporate Fleet Unit Manager / Wendy McEvoy (GIS Operations Manager) Tel. no: 07776 576337 Email: john.townsend@gloucestershire.gov.uk
<b>Timeline</b>	2023 through to 2025

## Background

1. GIS Healthcare is responsible for the delivery, collection, maintenance, and minor adaptations of medical and telecare equipment to support people in their home. The service is delivered under a Service Level Agreement (SLA) for the Integrated Community Equipment Service (ICES) on behalf of Gloucestershire County Council (GCC) and Gloucestershire Integrated Care Board (GICB). The key deliverables under the SLA are:
  - Delivery service with an annual turnover of approximately 102,500 pieces of medical or telecare equipment being delivered to 48,000 service users. Enabling hospital discharges and /or to prevent hospital admissions.
  - 5-day collection service with annual turnover of 75,000 pieces of medical equipment collected from 32,000 service users.
2. The GIS Healthcare fleet was last reviewed in 2019 when there were 22 vehicles under a lease/hire agreement which was coming to an end. An Officer decision was taken to extend the contract with the incumbent lease/hire company taking it to July / August 2021.
3. In July 2020 Cabinet gave approval to go out to tender and award a contract for the replacement of GIS (Healthcare) fleet vehicles. This decision was not implemented due to the following reasons:
  - COVID caused delays in implementing the previous decision.
  - COVID has also had a significant impact on the cost of and demand for both used and new vans.
  - Talking to suppliers, the impact of COVID-19 has impacted on the market and has hindered the ability of the fleet vehicle sector to be able to respond to any delivery of new vehicles, whether via a lease or purchase option.
4. In July 2021 approval was obtained to purchase the services' leased vehicles from Ryder Limited (22 Vehicles - 18 GIS and 4 Telecare) to allow both GIS Healthcare and Edge Consultants to undertake a review of both the service's operating model and also fleet strategy requirements ensuring that the service aligned with the GCC corporate 'fleet' approach. This has enabled a re-scope of the previous specification to include a more blended approach. Due to the fact that the Telecare service is currently going through a review, the purchase of Telecare vehicles does not form part of this decision making process and is currently on hold until the outcome of the review is known.
5. GIS Healthcare asked the Safety, Health & Environment (SHE) Team to review the current operating model. SHE recommended a change to working practices by introducing more dedicated two person crews for more complex / heavy activities. This would ensure that the service meets health and safety regulations and operates a 'safety at work' system utilising the 'team handling' approach.
6. To embed this approach in January 2022 the service completed a restructure to introduce 10 two person crews and 10 single person crews. Activity is split between high / complex activities and low level deliveries, collections and transfers. The crews work across

Gloucestershire and out of county undertaking on average a minimum of 252 deliveries / collections a day depending on the complexity of the equipment and number of equipment pieces attached to each individual order. This will increase once the service has completely transitioned over from manual ordering to automated services through the new Transforming Community Equipment Services (TCES) ordering service. TCES is an asset management and manifesting system, specialising in bespoke community equipment not held in warehouse but ordered direct from provider, but refurbished in house. The system is where prescribers will put through their delivery / collection orders and GIS manifest, stock management and refurbishment etc.

7. GIS Healthcare supports approximately 1500 assessors and several out of county health colleagues in the processing of their orders. Since October 2021 there has been a significant increase not only in orders but also bed and cots requests, (see below). This has a significant impact on what crews can deliver, collect or transfer in one day and is limited to safe loading, vehicle size, weight and type of equipment that has been requested. For example, one order could have up to 12 individuals' items and transfer orders to hospitals can be 3 to 4 vehicle loads.

DATE	DELIVERIES	COLLECTIONS
Oct 21	1834	414
May 22	2679	1053
Dec 22	3413	1741

Deliveries have increased by 44% and Collections 76% since October 2021

8. Many services have seen a rise in demand and the equipment service, as a key enabler to people living at home and being discharged from hospital, is no exception. The recent pressures on system flow have highlighted both the high demand and the need for timely and effective provision of community equipment.
9. In February 2022 GIS Healthcare reviewed their Scrap Policy for equipment provided and are consistently meeting their monthly targets of a scrap rate of less than 25% and a recovery rate of 75%. In the last year there was a significant amount of in-house bed refurbishment including bariatric beds. There has been a significant increase in the number of 'Specials' (bespoke equipment and not standard equipment) that are being refurbished at Mitcheldean ranging from 162 to 252 in the last 6 months compared to the previous. Whilst this supports cost savings and sustainability objectives, it does create an increased demand on internal transfers between sites, relying on the drivers to both deliver equipment to Mitcheldean to undergo the refurbishment process but also deliver equipment back to Gloucester.
10. To support the review of vehicle requirements and numbers Edge Consultants have worked with GIS Healthcare to understand the new operating model, types of tasks undertaken and also the environments crews are working within to provide a clear specification around vehicle requirements. The review has included a number of pilots utilising Zero & Ultra Low Emissions Vehicles (EV). This has helped to understand vehicle capabilities including mileage and range and therefore what areas of Gloucestershire they would be more suited for. By opting to explore EVs this has also

enabled GIS Healthcare to understand options for a major change in energy use and charging infrastructure and if this would be suitable for GIS Healthcare to incorporate. By purchasing EVs for GIS Healthcare this would expand GCC's charging network; align with the expansion of EVs in GCC's fleet and to shape the way EV's will operate across GCC in future. The purchase price of EV's will be higher, although the operational costs and whole life costs may off-set this. As such the phased procurement approach will help refine the fleet requirement / provision as the initial costs of the earlier phases and ongoing operational changes are made.

11. Due to the age and mileage of the current fleet, vehicles are costly to maintain and are continually breaking down or in the garage undergoing repairs. Since purchasing the fleet in July 2021, two vehicles have been disposed of due to being non-economical to repair and we have also been able to secure a vehicle through an internal vehicle transfer process that we are currently making road worthy to be used as a spare. The service has also had to rely on hire vehicles to maintain service delivery. Due to this increase in demand and activity and to ensure the new operating model is delivered the service is potentially requesting an increase from 18 vehicles, (2 of which were smaller Vito's vans which are not fit for current purpose) to 20 Electric Vehicles. However further work is needed to understand provision, purchase cost, vehicle utilisation and route planning improvements in order to ensure that the fleet mix and total number is the most effective operationally and financially. The phased approach and joint working between EE&I (fleet) and Adult Social Care delivery will ensure that this is done.
12. GIS and CFU (Corporate Fleet Unit) have confirmed that the level of specification for the vehicles and overall number of vehicles required meets both the current operational needs of the service area and the aim to deliver this service as effectively and as efficiently as possible. Business case justification was prepared by GIS as part of the MTFS process prior to funding approval at full Council in February 2021.
13. However, we know that the service need is changing, as are equipment refurbishment rates; vehicles will be more reliable and effective, and work continues to improve route planning and increase daily vehicle utilisation rate; and we also anticipate a wider future charging network and that potential future incentives may be available through government support of ULEV's.
14. As such a phased approach is planned to the procurement process, with a call off contract for 10 EV's in Phase 1 and the remaining in a Phase 2 vehicle provision. This will be developed to allow teams to continue to learn from current experience and recent trials, and a proposal will then be formulated by the Executive Director of Economy, Environment & Infrastructure, in consultation with Director of Operations for Adult Social Care and the Cabinet Member for Adult Social Care Delivery to ensure that the fleet procurement best suits both current and future need. A phase 2 proposal will be brought back to a future cabinet meeting for approval.
15. The proposed new vehicles will be maintained through a combination of service plans, warranty and in house maintenance at the Tri Centre Workshops by a dedicated trained workshop team, following industry standard best practice.
16. An estimate of the projected costs has been produced based on Crown Commercial Framework prices of suitable vehicle models in Feb 2023 and allowing for index linking

at 10%. The total estimated cost is £960,000 over both phases. Capital funding already available for this project is £678,600, with further funding available of £282,000 from the Disabled Facilities Grant. Actual costs will vary as further work is done to finalise vehicle types/specifications based upon meeting the essential requirements of the service, the asset replacement programme and delivering the council's priorities including social value (emissions) and value for money as phases lots are priced. The costs have been estimated on the following basis:

- 20x fixed ramps to be fitted to each vehicle.
- Supplementary Solar panels to each vehicle roof to increase vehicle capability in range by supplementing the 12v battery
- The Electric vehicles need to have a real time range of above 150 miles.

## **Business Options**

### 17. Alternative options considered and why they were rejected:

#### **a) Option 1 – Do nothing**

Not replace the old vehicles for new vehicles. This option was discounted because the current GIS fleet of vehicles are ageing. The continual higher maintenance costs associated with aged vehicles and more polluting Euro 4 and 5 vehicles are not best value for money or fit with Council's carbon reduction strategies.

#### **b) Option 2 – Use of open competitive procedure**

This would mean that any supplier could submit a bid for the work. This would enable us to aggregate our requirement over this financial year and next. However, due to the value of the project this would involve a tender process under Official Journal of the European Union (OJEU) which would require greater resource and add time and expense.

#### **c) Option 3 – Use of Crown Commercial Framework Agreement (the preferred option)**

The Vehicle Purchase RM6244 (lot 2) Crown Commercial Services Framework Agreement has been specifically developed for use for Local Authorities and emergency services. Using the CCS Framework promotes value for money due to the large discounts on offer.

Using the CCS framework provides economies of scale, that GIS may not be able to achieve in isolation if we were to run our own competitive tender process. Using the framework reduces procurement timescales whilst complying with the relevant public sector procurement regulations.

### **Option 3 is the preferred option because:**

18. Option 3 provides the best value for money and is compliant with public contract regulations. The proposed framework agreement has been developed with aims of best value and increased collaboration to achieve greater efficiencies.
19. The Crown Commercial Services Framework was identified as being the most suitable for the following reasons:
  - a simple solution for low cost, low volume, low complexity requirements.
  - it supports the government's SME (Small to Medium-sized Enterprise) policy.
  - contributes to the Social Value outcome of increasing supply chain resilience and capacity by creating a diverse supply chain to deliver contracts including new businesses and entrepreneurs, SMEs and VCSEs (Voluntary, Community and Social Enterprises).
  - uses a dynamic filtering system, giving customers flexibility based on the common goods and services they want, their SME status, and their location.
  - dynamic filters ensure that the right suppliers are notified about opportunities relevant to the common goods and services they are able to provide.
  - Compliant with the Public Contracts Regulations 2015.
  - aligns with Procurement Policy Note 11/20: Reserving Below Threshold Procurements.

### **Risks**

20. If Cabinet are unable to support the replacement of light fleet vehicles, these vehicles could suffer a terminal failure due to their age exposing the GIS, GCC and the public to unacceptable levels of risk.
21. Procurement of GCC vehicles through a bespoke framework minimizes the risk to GCC and GIS by maintaining legal compliance with Public Contracts Regulations 2015.
22. Delays in procurement of these vehicles could reflect in higher costs through price index rises, increased costs running aging vehicles and increased cost of any short-term hire provision.
23. Vehicle manufacturing lead times are significantly longer than has been the case historically and there is a medium to high risk that the delivery period will be longer than expected.
24. External factors behind this are outside of our control as they include a worldwide microchip shortage and the impact of the Ukraine invasion on the supply of steel and other internal components.

### **Financial implications**

25. Capital funding of £676k (funded from internal borrowing) has already been approved at Full Council in February 2021 as part of the MTFs process.



26. A £3k revenue contribution has been approved through the MTFFS. The total fund available is £678,600 for vehicles to include any additional equipment.
27. There are no charges for using the Crown Commercial Services Framework. There are efficiency savings derived from its use in relation to resources, time, and the management of the tender process. It satisfies GCC standing orders and procurement regulations.
28. All obsolete vehicles will be disposed of as per GCC Asset Disposal Policy & Procedure, however large capital receipts are extremely unlikely on very old vehicles and can range from approximately £500 to £2,000. The vehicles must be disposed of using an approved auction method and will be asset stripped prior to auction for anything that is reusable.
29. The electric vehicles which are intended to be ordered will require charge points, the funding for charge points for GIS has already confirmed. The council has funds in a separate EV Infrastructure budget and Climate Action Fund to cover these charge point costs in the short term. To address climate change and air quality targets an increasing proportion of vehicles will require EV charging infrastructure prior to the government's 2030 deadline when all new cars and vans must be electric. Therefore, additional funding for charge points were sought through the MTFFS process to cover this. The proceeds from the sale of older vehicles, estimated at £20k, will be a corporate receipt that may help to offset the costs of fleet replacement and associated EV infrastructure.
30. Subject to an increase of EV's from the 10 vehicles, up to a total of 20 potential EV's (the cost of these being higher than a standard Euro 6 vehicle), there would be a need to have additional funding to cover these increased costs. It is anticipated that subject to a business case submission and subsequent approval then up to £282,000 of additional funding could come from the Disabled Facilities Grant as a social care project. The proposals to meet the financial requirements of phase 2 will be included in the future phase 2 cabinet report for approval.

### **Climate change implications**

31. Removing very old more polluting euro 4 and 5 engine vehicles, over the next 2 years and replacing them with Electric vehicles, reduces the Nitrogen oxides (NOx), Carbon monoxide (CO), Hydrocarbons (HC), particulate matter (PM) emissions produced across our fleet.
32. Prior to any vehicle being disposed, they will have all necessary equipment and identified parts removed for potential reuse within the GCC/GIS.
33. New electric vehicles have an increased range compared to previous generations and are a real alternative to some of the GIS light fleet. This combined with EV charge point infrastructure roll out to GCC sites and Fire stations make this choice a viable option.

### **Equality implications**

34. An equality impact assessment has been completed, with no major issues identified and do not believe there are any equality implications. Cabinet Members should read and

consider the Equalities Impact Assessment in order to satisfy themselves as decision makers that due regard has been given.

35. The working group established the user requirements leading to the specification of the new vehicles to ensure it can meet a diverse and fully inclusive group of staff members.

### **Data Protection Impact Assessment (DPIA) implications**

36. All vehicles are business vehicles and not for personal use and will be fitted with a Tracker to identify their location for vehicle security aspects.
37. Processing of personal data will be necessary in order for us to track these vehicles, and a Data Protection Impact Assessment (DPIA) Decision checklist has identified that a DPIA will be a legal requirement. This will be completed with support from the Information Management Service and will align with other fleet management projects happening across the council.

### **Social value implications**

38. Procurement of new vehicles demonstrates continuous investment in the Councils GIS team.
39. Procurement will include GCC social value consideration questions as appropriate and ensure that the GCC Social Value Policy is adhered to 15% of the weighted evaluation criteria being attributed to social value. This is expected to focus on environmental criteria such as reduced greenhouse gas emissions. The Crown Commercial Services framework agreement, the recommended procurement route, makes provision for social value criteria and support for small and medium size enterprises (SMEs).

### **Consultation feedback**

40. Consultation has been received through GIS operational employees organised workshop groups on future vehicles and equipment, in relation to size of vehicles, any required capacity, driver and crew capacity, safety, storage and associated equipment.
41. The Strategic Procurement team have confirmed that it is wholly appropriate to utilise the compliant CCS framework agreement to procure replacement vehicles.

### **Officer recommendations**

42. The Director of Operations for Adults Social Care, based on all the available evidence and subsequent analysis, supports the recommendation that Cabinet should approve the phase 1 proposal to procure 10 new EVs to replace and supplement ageing vehicles in GIS, and approves the proposed level of expenditure and the identified procurement route.
43. The establishment of a Corporate Fleet Unit means that the council has the capability to:

- Provide independent and impartial technical advice and guidance to support the development of a fleet replacement programme and the procurement of vehicles to meet its business requirements, best value for money and social value objectives.
- Competitively procure the requirement, as detailed in paragraph 6; and provide appropriate challenge to the requirement where necessary; and to ensure that climate change and social value are considered in every decision.

### **Performance management/follow-up**

44. Regular project performance management is conducted by GIS/CFU Project Management Group. The project team meet regularly, and it is regularly reviewed and discussed, including highlight reports showing status with actions.
45. The contract that will be drawn up under the CCS Framework will include a number of Service Level Agreements held with the Supplier.
46. Performance will be monitored and discussed at regular meetings with the designated Customer Relationship Manager. Underperformance is highlighted and reviewed with resolution sought and remedial measures put in place by the Supplier as and when necessary.