

# GREATER LONDON AUTHORITY

## REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD140

### Title: Replacement of LFB Fleet Cars/Officer Pool Cars

#### Executive summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience for the London Fire Commissioner (LFC) to commit 2022/23 capital expenditure for the purchase of a fleet of 50 zero-emission officer pool cars (OPCs) and associated equipment. The capital expenditure will be payable to Babcock Critical Services Limited, which is responsible for this procurement under the terms of the London Fire Brigade (LFB) 2014 Vehicles and Equipment contract.

To provide essential frontline cover, LFB has a fleet of OPCs available for use by its officers. The current fleet of BMW i3s was introduced in 2016 and had an agreed life of five years. These vehicles are now at the end of their life and require replacement. LFB proposes to purchase 50 zero-emission OPCs in line with the Mayor of London's air quality improvement programme.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC to seek the prior approval of the Deputy Mayor before committing to "...expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".

#### Decision:


That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to commit 2022/23 capital expenditure (the detail of which is set out at Part 2 of this report) for the purposes of purchasing a fleet of 50 zero-emission OPCs and associated equipment.

#### Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

21/12/21

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 Report LFC0562x to the London Fire Commissioner (LFC) sets out the background for the request to approve expenditure for the London Fire Brigade (LFB) to purchase a fleet of 50 zero-emission officer pool cars (OPCs) and associated equipment. The capital expenditure will be payable to Babcock Critical Services Limited, which is responsible for the procurement and supply of such vehicles under the terms of LFB's 2014 Vehicles and Equipment contract.
- 1.2 Babcock Critical Services Limited is LFB's maintenance and service provider and manage the Vehicles and Equipment contract on behalf of LFB. The contract was awarded in 2014 and runs until 2035. As part of the contract, Babcock Critical Services Limited replaces, services and repairs all items listed within the Vehicle and Equipment contract. All vehicles and equipment have a limited lifespan, at the end of which they must be replaced. Extensions to the life of vehicles and equipment can be agreed by the LFB Engineering Fleet Manager if it is possible for them to be safely maintained. All additional asset life costs remain constant and will also be managed under the same contract.
- 1.3 The LFB OPCs are required, as part of LFB's essential front line cover, to transport up to four people safely and efficiently to operational incidents under emergency response driving conditions; to other locations, under normal road driving conditions, throughout the Greater London area; and occasionally to locations outside Greater London. These vehicles are pool cars assigned as required and are therefore not allocated to one user or station.
- 1.4 In 2016 LFB purchased 52 range extender BMW i3s, which were capable of achieving approximately 80 miles full electric range; and five hybrid cars, consisting of three Outlander petrol hybrid electric vehicles (PHEVs) and two Volkswagen Golf GTEs capable of achieving up to 30 miles fully electric range. These vehicles had an agreed life of five years. These cars are now due for replacement and will be part of a reduced fleet of 50 OPCs. The capital and revenue saving associated with the reduction in the numbers of pool cars has been achieved by scrutinising the usage rates for LFB's existing fleet.

#### *Mayoral emission reduction targets*

- 1.5 The Mayor of London outlined in the London Environment Strategy (May 2018) how to tackle London's air quality problem and make London a zero-carbon city by 2050. As part of this, the Mayor has set the following emission-reduction targets for LFB and London's other emergency services:
  - all cars in support fleets to be zero-emission-capable by 2025

- all new cars and vans (less than 3.5 tonnes), including response vehicles, being zero-emission-capable from 2025
  - all heavy vehicles (greater than 3.5 tonnes) to be zero-emission-capable or fossil-fuel-free from 2030
  - a zero-emission fleet by 2050.
- 1.6 The memorandum of understanding between Transport for London and LFB acknowledges that LFB has a leading role to play in the demonstration and roll-out of zero-emission vehicles to help fulfil the Mayor’s ambition for a zero-carbon city.

## **2. Objectives and expected outcomes**

- 2.1 As a consequence of the targets mentioned at paragraph 1.5 and because of the benefits of moving towards a zero-emission fleet, it has been recommended that LFB has a fleet of fully electric OPCs with a minimum range of 200 miles.
- 2.2 In March 2021 an “Electrification of Light Vehicles” briefing note (appendix A to report LFC0562x) was presented to the Ultra-Low Emission Fleet Programme and the following recommendations were supported – subject to meeting the standard LFB approvals process for asset replacement projects:
- The OPCs (BMW i3s) should be replaced with 100 per cent battery electric vehicles (BEV) that meet the requirements outlined in the LFB fleet’s output-based specification.
  - The current OPCs should be extended for another year and replaced in 2022. This will:
    - provide further time to carry out additional market assessment and engagement work with suppliers
    - provide further time to engage with users to inform requirements and a successful roll-out
    - provide further time to engage with end-users to inform requirements and deliver a successful roll-out
    - ensure recharging requirements for the vehicle and users are met
    - set the precedent of reviewing and extending vehicle lives to achieve broader environmental savings (particularly the embodied carbon associated with manufacturing) and cost savings in the fleet asset replacement programme.
  - A new slot price should be agreed between LFB and Babcock Critical Services Limited to enable the extension of the current BMW i3 OPCs.

- The recharging needs of the new OPCs will be met by the current recharging facilities on LFB's estate. However, this will be supplemented by the public recharging network. Work is outlined in this report to support this new approach.
  - A working group should be established to explore and address the following challenges:
    - recharging – managing access at stations and on the public network
    - user acceptance and culture change
    - impact of increasing privately owned PHEV and BEV cars used by all staff
    - driving behavioural changes of staff with regards to charging restrictions and operation and use of the vehicles.
- 2.3 The market review identified that the electric vehicle market has matured significantly since 2015, when the BMW i3 tender was launched. As a result, the market research was shared with LFB in order to refine the output based requirement, and agree on what reasonable thresholds could be introduced to ensure LFB gets a best-in-class vehicle whilst ensuring value for money is clearly demonstrated.
- 2.4 These thresholds included parameters such as a minimum 200-mile pure electric vehicle range and a minimum five-star New Car Assessment Programme (NCAP) safety rating. Since 1997, every new car model that comes on to the market is put through a series of rigorous tests by independent body Euro NCAP. Based on the results of these tests, the car is given a safety rating (five stars being the best possible score and zero the worst) and a maximum list price. The range expectation was introduced to ensure that LFB continues to make progress towards a zero-emission fleet.
- 2.5 The OPCs may be driven by any LFB officer with a current driving licence and may carry up to three occasional passengers, along with two personal protective equipment bags. It will therefore be medium in size.
- 2.6 A 10 per cent contingency has been factored in to allow for the price risk due to the current economic climate and will be applied to the total. This contingency will only be used for unforeseen rises in costs.

#### *Alternative options considered and consultation*

- 2.7 The only alternative option to replacing the existing fleet is for LFB to continue to maintain the current fleet cars. This would cause the slot price (maintenance costs) to increase. The 2014 Vehicle and Equipment contract with Babcock Critical Services Limited states that the LFB is contractually bound to replace these vehicles after a five-year lifespan. If the fleet wasn't replaced it would add additional maintenance costs and risk having less reliable vehicles on the fleet due to their age.

## *Procurement*

- 2.8 The procurement process, conducted by Babcock Critical Services limited under the 2014 LFB Vehicles and Equipment contract, commenced with an initial desktop evaluation, followed by clarification questions. The most appropriate vehicles were then selected. Demonstration vehicles were reviewed both operationally and by the LFB engineering team to confirm the vehicles met the manufacturers recommended outputs. The process was then concluded by best and final offers.
- 2.9 Following a number of initial feedback workshops in January 2021, the design, build and operation of the new vehicles must adhere to the requirements of the current 2014 Vehicles and Equipment contract, regarding compliance with all applicable UK/EU legislation, regulations and standards.
- 2.10 The following vehicles met the requirements of the output-based specification:
- Volkswagen ID3 – tender submitted
  - Hyundai Kona – tender submitted
  - Kia e-Nero – tender submitted, excluded during clarification questions as this is the most expensive of all providers
  - Nissan Leaf – submitted limited documents and then declined to tender
  - Tesla Model 3 – tender submitted
  - Volvo XC40 – tender submitted
- 2.11 Following the technical and commercial assessment of all suppliers, including a cost analysis, VW and Hyundai were then selected for further evaluation and demonstration. During the demonstration period 10 LFB users completed analysis reports for the vehicles.
- 2.12 Having undertaken the above assessments and analysis, Babcock Critical Services Limited suggests the Volkswagen should be the manufacturer of choice to supply 50 ID3s to become the new OPCs.
- 2.13 The following table is an extract from the evaluation scores

Question	Weighting	Volkswagen	Hyundai	Tesla	Volvo
Company/ corporate social responsibility	2%	1.5%	1.65%	1.88%	1.85%
Technical requirements	35%	29.1%	27.31%	30.72%	31.1%
Contract management	10%	8.33%	7%	7%	8.33%

Commercial/ pricing	40%	40%	33.91%	26.6%	26.2%
Through-life support	10%	6.17%	7.5%	6.33%	8.5%
Training	3%	2.4%	2.7%	2.25%	2.7%
<b>Total</b>	<b>100%</b>	<b>85.5%</b>	<b>80.08%</b>	<b>74.78%</b>	<b>78.69%</b>

2.14 The spend requested includes the cost of 50 Volkswagen ID3s and extra accessories/upgrades, including a battery upgrade from 48kw to 58kw which provides an increase in range from 216 to 264 miles, dashboard cams, additional charging leads to allow for home charging and a vehicle-charging app.

### 3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct
  - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
  - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
  - promote understanding.
- 3.8 An equality impact assessment has been undertaken. No adverse impacts were recorded.
- 3.9 In addition, the Babcock Critical Services Limited contract requires Babcock Critical Services Limited, and any sub-contractor they may engage, to conform to equality legislation and LFB equalities protocol. Babcock Critical Services Limited also assesses all of their providers' approaches to equality; and ensures they are satisfied that these meet appropriate protocols, prior to them listing those companies as approved providers. Therefore, it is considered that there is an appropriate approach to equalities through the supply chain in respect of this procurement.

#### **4. Other considerations**

##### *Sustainability and procurement implications*

- 4.1 The existing vehicle fleet will be recycled by Babcock Critical Services Limited under the provisions of the Vehicle and Equipment contract. The disposal process will fulfil LFB's obligations under the Environmental Duty of Care Regulations. If the vehicles are to be scrapped, or broken up for parts, the vehicle and equipment contractor will provide full details relating to the disposal of the component parts, and will ensure that LFB's obligations are documented and adhered to.
- 4.2 The 2014 Vehicles and Equipment contract between LFB and Babcock Critical Services Limited provides for the capital replacement of fleet and equipment throughout the contract period of 21 years. Under the contract, Babcock Critical Services Limited procures the new vehicles and equipment, and replaces the existing

assets at their life expiry. Babcock Critical Services Limited has policies in place relating to anti-slavery, sustainability and anti-corruption; and this is done in accordance with the specifications and approvals issued by LFB.

- 4.3 Babcock Critical Services Limited is responsible for procurement under the terms of the 2014 Vehicles and Equipment contract, on behalf of LFB. Following market engagement, Babcock Critical Services formally recommended to LFB that six manufacturers were to be included as part of the procurement process. This will conclude with one successful manufacturer after the full evaluation process has been completed.
- 4.4 The Volkswagen Group has a zero-tolerance approach to any form of modern slavery and continues to take steps to combat the risk of slavery or human trafficking within its supply chain. It also has policies and guidelines in place regarding anti-corruption.
- 4.5 The Volkswagen Group has made a commitment to sustainable, transparent and responsible management. In line with the recommendations of the German Corporate Governance Code, it practices group-wide sustainability coordination and forward-looking risk management; and ensures a clear framework for the future-oriented handling of environmental issues, responsibility towards employees, and social engagement by its brands and in the various regions.
- 4.6 The LFB sustainability team supports the replacement of the current fleet with fully electric vehicles and the decrease in number of vehicles.
- 4.7 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

## **5. Financial comments**

- 5.1 The report is requesting approval to procure 50 electric OPCs in 2022/23 to replace the existing fleet, which is coming to the end of its use. The LFB will undertake reprofiling to accommodate this. The Capital Programme includes funding to purchase replacement OPCs, this update will therefore require no overall increase in the capital programme. The costs of this procurement are set out in the Part 2 form.
- 5.2 The capital budget is funded through capital receipts and borrowing. The cost of borrowing is made up of minimum revenue provision; and is based on the asset life per year, and interest on borrowing assuming a rate of 2.5 per cent per year. The cost of borrowing to fund the capital programme is reflected in the revenue budget.

## **6. Legal comments**

- 6.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017,



the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the Deputy Mayor).
- 6.3 Paragraph (b) of Part 2 of that direction requires the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”. The decision to purchase new OPCs will therefore require approval from the Deputy Mayor.
- 6.4 The proposed recommendation is also for the LFC to delegate authority to the Assistant Director of Technical and Commercial to make final decision regarding the purchase of vehicles referred in this report, which is permitted under Part 4 of the LFC Scheme of Governance.
- 6.5 The statutory basis for the actions proposed in this report is provided by sections 7 and 5A of the Fire and Rescue Services Act 2004 (FRSA 2004). Section 7 (2)(a) FRSA 2004 provides that the LFC has the power to secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting and section 5A allows the LFC to procure personnel, services and equipment they consider appropriate for purposes incidental or indirectly incidental to their functional purposes.
- 6.6 The LFB legal team has advised, under cover of report LFC0562x, that the proposed procurement of vehicles falls within the proper scope of LFB’s Vehicles and Equipment contract with Babcock Critical Services Limited which was, itself, procured in accordance with the Public Contracts Regulations 2006.

## **Appendices and supporting papers:**

Part 2 of decision report

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? No**

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – Yes**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer**

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

**Assistant Director/Head of Service**

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

**Advice**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

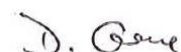
This decision was agreed by the Corporate Investment Board on 13 December 2021.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**



**Date**

**13/12/21**