

DMPC Decision – PCD 1079

Title: Contract Award for Provision of Vehicle Conversion & Decommissioning Services

Executive Summary:

Approval is sought to award contracts for the Provision of Vehicle Conversion and Decommissioning Services to two suppliers, enabling Operational Support Services to provide business continuity to London's frontline police and specialist units, and the MPS' national and international partners, following expiry of the current contract on 31st March 2022.

The procurement outcome recommends award of two contracts: one to the MPS' incumbent supplier (for Lots 1, 4 & 5), and one to a new provider (for Lots 2 & 3).

Re-procurement of these services, and the case for change to a multi-supplier operating model, were approved by the DMPC in July 2019 (PCD 612).

The procurement process was undertaken in accordance with the Public Contracts Regulations 2015 via the Crown Commercial Services (CCS) Vehicle Conversion Dynamic Purchasing System (DPS) RM3814.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the contract award to Babcock Vehicle Engineering Limited for the Lots below. This contract is valued at £53,300,000 (including contingency). The initial term is 48 months, with a further 12 months extension option (4+1 years).
 - Lot 1 – General Conversion Services & Converter Managed Projects.
 - Lot 4 – Coachwork & Specialist Converter Managed Projects.
 - Lot 5 – High Level Security Vehicles & Converter Managed Projects.
2. Approve the contract award to Woodall Nicholson Limited t/a VCS for the Lots below. This contract is valued at £22,600,000 (including contingency). The initial term is 48 months, with a further 12 months extension option (4+1 years).
 - Lot 2 – Marked Response Vehicles.

- Lot 3 – Unmarked Response Vehicles.

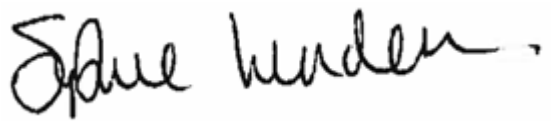
3. Approve award of an extension to the current contract with Babcock Vehicle Engineering Limited for all MPS vehicle equipping services in the event either or both of decisions 1 and 2 are delayed or not approved or becomes necessary for transition to new contracts. This would be required for up to 12 months to allow sufficient time to address MOPAC concerns, award and transition to the new contracts. The estimated contract value for continued provision of vehicle conversion and decommissioning services between 31st March 2022 and 31st March 2023 is £10,000,000.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

17/11/2021

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. The MPS has a large and diverse fleet fine-tuned to meet its varied operational policing needs. The fleet comprises over 5,213 vehicles (excluding pedal cycles and marine vessels); encompassing cars, vans, motorbikes, large goods vehicles, plant and equipment.
- 1.2. The provision of quality vehicle conversion and decommissioning services is integral to achieving a fit-for-purpose fleet, ensuring MPS vehicles support all aspects of day-to-day policing; meet strategic targets; deliver sufficient flexibility to respond to evolving crime and policing needs; and can be relied upon to help protect those living and working in London.
- 1.3. Strategic direction governing fleet size and makeup is set by MOPAC's Police and Crime Plan, The Met's Direction: Our Strategy for 2018-25; and government and Mayoral policy objectives. This includes delivery of an environmentally-friendly fleet in line with new central and local government carbon reduction targets for 2030.
- 1.4. Successful re-procurement of these services averts service failure, provides business continuity, and ensures compliance with Public Contracts Regulation 2015.
- 1.5. The vehicle conversion and decommissioning services procured across the five Lots are substantively the same as those currently outsourced to Babcock Vehicle Engineering (BVE), but with additional assurance, data and documentation, and quality control requirements.
- 1.6. The GLA (London Ambulance Service and Transport for London), City of London Police, and Guys and St Thomas NHS were invited to explore opportunities for collaboration. Although none were identified at this time, evolving MPS requirements and timing of procurement may better align in the future. Due to the niche conversion requirement of London Fire Brigade's specialist heavy vehicles, they were excluded for consideration in this activity.

2. Issues for consideration

- 2.1. The existing contract with Babcock Vehicle Engineering (BVE) expires on 31st March 2022. Due to a previous failed procurement, this has been subject to more extensions than anticipated under the original terms. The most recent extension was in May 2020 for a period of 17 months and estimated contract value of £15.7m.
- 2.2. Any delay in award of the new contracts will necessitate an extension to the current arrangement. In the event it becomes necessary to undertake an extension, only the minimum time required will be considered.

- 2.3. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) is likely to apply to Lot 2 and Lot 3. Current TUPE legislation states Employer Liability Information must be provided by BVE to the new employer at least 28 days before the transfer is to be completed.
- 2.4. The MPS Environment and Sustainability policy and the MPS Environment & Sustainability Strategy 2019-2021 have been taken into consideration. The specification of requirements for the provision of Conversion and Decommissioning Services also captured the MPS commitment to the GLA Responsible Procurement Policy, which was updated in March 2021 .
- 2.5. The service solution delivered through these contracts with BVE and VCS should demonstrate the application of circular economy principles , where possible, ensuring suppliers maximise the lifespan of any products associated with contract delivery. This should align with both suppliers' expected commitment to the waste hierarchy and the aforementioned GLA Group Responsible Procurement Policy.
- 2.6. Each supplier is required to provide a six-monthly report that includes a summary of environmental performance. Both will be expected to provide Fleet Services and the Environment & Sustainability Team with quarterly data, on how many products and/or vehicles were recycled, sold, repurposed or disposed of. Additional data specifically on waste will also be made available, ensuring that the MPS can provide this data to the GLA; presented at their quarterly responsible procurement forums or used for progress reports, as appropriate.

3. Financial Comments

- 3.1. The contracts have a combined value of £75M over a 5-year term (4+1).
- 3.2. The budget for anticipated conversion and decommissioning spend will be met within existing capital budget.
- 3.3. The revenue expenditure will be funded from overall revenue budgets.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). When awarding public contracts for goods and services valued at £189,330 or above, all contracting authorities must do so in accordance with the Regulations. This paper confirms the value of the proposed contracts exceed this threshold and so the Regulations are engaged.
- 4.2. This report identifies a Crown Commercial Services vehicle conversion Dynamic Purchasing System (DPS) as MOPAC's procurement route for the two contracts. A compliantly-procured agreement via DPS shall constitute a compliant route to market on the basis the DPS is still in force, MOPAC is identified as an eligible user of the DPS,

MOPAC's requirements are within the technical and financial scope of the DPS and the call-off procedure set out in the DPS is followed. The management and commercial case sections within this paper confirm that the above are met.

- 4.3. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:
- 1) Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and,
 - 2) All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
- 4.4. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5. Commercial Issues

- 5.1. In the decision on Vehicle Conversion, Decommissioning, and Disposal Contracts (PCD 612), the Deputy Mayor for Policing and Crime approved the initiation of procurement action through the Crown Commercial Services (CCS) Vehicle Conversions Dynamic Purchasing System (DPS) RM3814, which is a route to market that complies with the Public Contracts Regulations 2015.
- 5.2. Extensive engagement with the market, police forces, and other authorities determined how such services were being procured by others and assessed any opportunities for collaboration. As the MPS requirements are very specific and the CCS Vehicle Conversions DPS was in place to provide a shared route to market, this was used.
- 5.3. Following tender publication and evaluation, it is recommended that contracts be awarded to:
- 1) BVE for the work in Lots 1, 4, and 5; and,
 - 2) VCS for the work in Lots 2 and 3.
- 5.4. Both suppliers committed to appointing a number of apprentices and offering work experience for young people at school, as part of delivering the contract services. They also demonstrated how they will identify and tackle inequality in employment, skills and pay in the workforce including a number of further education and training courses.
- 5.5. Both suppliers' tender submissions detailed how they will ensure that opportunities under the Vehicle Conversion and Decommissioning contracts will demonstrate collaboration with users and communities through the co-design and delivery of the contract to support strong integrated communities. This included supporting local community projects, charitable donations and encouraging spend through local businesses (Small and Medium-sized Enterprises: SMEs).

- 5.6. Ethical sourcing areas were also addressed by both suppliers, to ensure that workers employed in their supply chains throughout the world are treated fairly, humanely and equitably and to comply with the Modern Slavery Act. Both suppliers showed their commitment to complying with the principles of the Ethical Trading initiative (ETI) base code. This includes ensuring they and any sub-contractors ethically source all materials and comply with laws.

6. GDPR and Data Privacy

- 6.1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act ("DPA") 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
- 6.2. Under Article 35 of the General Data Protection Regulation ("GDPR") and Section 57 of the DPA 2018, Data Protection Impact Assessments ("DPIA") become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
- 6.3. The Information Assurance and Information Rights units within the MPS were consulted prior to procurement initiation to ensure the project meets its compliance requirements.
- 6.4. Personal data is not required or stored. Provision of Conversion and Decommissioning does not use personally identifiable data of members of the public or MPS personnel, aside from essential basic contact details necessary to ensure the discharge of the contract, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. By utilising the CCS vehicle conversion dynamic purchasing system (RM3814) the MPS benefits from being part of a national procurement solution which also enables the opportunity to support local economies and SMEs.
- 7.2. An equality screening assessment has determined that there are no negative equality impacts or diversity implications arising from this procurement process. The agreement for the Provision of Conversion and Decommissioning Services will ensure suppliers adhere to their obligations in accordance with equality law.
- 7.3. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Equality and diversity, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

8. Background/supporting papers

- 8.1. Re-procurement of these services, and the case for change to a multi-supplier operating model, were approved by the DMPC in July 2019 (PCD 612).

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

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

If yes, for what reason:

Until what date: N/A

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA 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

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

The proposal is in keeping with the GLA Group Responsible Procurement Policy.

✓

GDPR/Data Privacy

- GDPR compliance issues are covered in the body of the report.
- A DPIA is not required.

✓

Drafting Officer

Craig James has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 17/11/2



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

Contract Award for Provision of Vehicle Conversion & Decommissioning Services

MOPAC Investment Advisory & Monitoring meeting Friday 3rd November 2021

Report by Jason Powell on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

Approval is sought to award contracts for Provision of Vehicle Conversion and Decommissioning Services to two Suppliers, enabling Operational Support Services to provide business continuity to London's frontline police and specialist units, and the MPS' national and international partners, following expiry of the current contract on 31st March 2022.

The procurement outcome recommends award of two contracts: one to the MPS' incumbent supplier (for Lots 1, 4 & 5), and one to a new provider (for Lots 2 & 3).

Re-procurement of these services, and the case for change to a multi-supplier operating model, were approved by the DMPC in July 2019 (PCD 612).

The procurement process was undertaken in accordance with the Public Contracts Regulations 2015 via the Crown Commercial Services (CCS) Vehicle Conversion Dynamic Purchasing System (DPS) RM3814.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

1. **Approve the contract award** to Babcock Vehicle Engineering Limited for the Lots below. This contract is valued at £53.3M (including contingency). The initial term is 48 months, with a further 12 months extension option (4+1 years).
 - Lot 1 – General Conversion Services & Converter Managed Projects.
 - Lot 4 – Coachwork & Specialist Converter Managed Projects.
 - Lot 5 – High Level Security Vehicles & Converter Managed Projects.
2. **Approve the contract award** to Woodall Nicholson Limited t/a VCS for the Lots below. This contract is valued at £22.6M (including contingency).

The initial term is 48 months, with a further 12 months extension option (4+1 years).

- Lot 2 – Marked Response Vehicles.
- Lot 3 – Unmarked Response Vehicles.

- 3. Approve award of an extension to the current contract** with Babcock Vehicle Engineering Limited for all MPS vehicle equipping services in the event either or both of decisions 1 and 2 are delayed or not approved or becomes necessary for transition to new contracts. This would be required for up to 12 months to allow sufficient time to address MOPAC concerns, award and transition to the new contracts. The estimated contract value for continued provision of vehicle conversion and decommissioning services between 31st March 2022 and 31st March 2023 is £10M.

Time sensitivity

A decision is required from the Deputy Mayor by 22nd November 2021. This will enable official contract award in early December 2021, thereby allowing a minimum period of three months for supplier mobilisation ahead of full service commencement by 1st April 2022.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. The MPS has a large and diverse fleet fine-tuned to meet its varied operational policing needs. The fleet comprises of over 5,213 vehicles (excluding pedal cycles and marine vessels); encompassing cars, vans, motorbikes, large goods vehicles, plant and equipment.
2. The provision of quality vehicle conversion and decommissioning services is integral to achieving a fit-for-purpose fleet, ensuring MPS vehicles support all aspects of day-to-day policing; meet strategic targets; deliver sufficient flexibility to respond to evolving crime and policing needs; and can be relied upon to help protect those living and working in London.
3. Strategic direction governing fleet size and makeup is set by MOPAC's Police and Crime Plan, The Met's Direction: Our Strategy for 2018-25; and government and Mayoral policy objectives. This includes delivery of an environmentally-friendly fleet in line with new central and local government carbon reduction targets for 2030.
4. Successful re-procurement of these services averts service failure, provides business continuity, and ensures compliance with Public Contracts Regulation 2015.
5. The vehicle conversion and decommissioning services procured across the five

Lots are substantively the same as those currently outsourced to BVE, but with additional assurance, data and documentation, and quality control requirements.

6. The GLA (London Ambulance Service and Transport for London), City of London Police, and Guys and St Thomas NHS were invited to explore opportunities for collaboration. Although none were identified at this time, evolving MPS requirements and timing of procurement may better align in the future. Due to the niche conversion requirement of London Fire Brigade's specialist heavy vehicles, they were excluded for consideration in this activity.

Issues for consideration

7. The existing contract with Babcock Vehicle Engineering (BVE) expires on 31st March 2022. Due to a previous failed procurement, this has been subject to more extensions than anticipated under the original terms. The most recent extension was in May 2020 for a period of 17 months and estimated contract value of £15.7m.
8. Any delay in award of the new contracts will necessitate an extension to the current arrangement. In the event it becomes necessary to undertake an extension, the minimum time required will only be considered.
9. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) is likely to apply to Lot 2 and Lot 3. Current TUPE legislation states Employer Liability Information must be provided by BVE to the new employer at least 28 days before the transfer is to be completed.

Contribution to the MOPAC Police & Crime Plan 2017-2021¹

10. The provision of quality vehicle conversion and decommissioning services is integral to achieving a fit-for-purpose fleet, ensuring MPS vehicles support all aspects of day-to-day policing; meet strategic targets; deliver sufficient flexibility to respond to evolving crime and policing needs; and can be relied upon to help protect those living and working in London.

Financial, Commercial and Procurement Comments

11. The contracts have a combined value of £75M over a 5-year term (4+1).
12. The budget for anticipated conversion and decommissioning spend will be met within existing capital budget, the revenue expenditure will be funded from overall revenue budgets.
13. In Vehicle Conversion, Decommissioning, and Disposal Contracts (PCD 612), the Deputy Mayor for Policing and Crime approved the initiation of procurement action through the Crown Commercial Services (CCS) Vehicle Conversions Dynamic Purchasing System (DPS) RM3814, which is a route to market that complies with the Public Contracts Regulations 2015.
14. Extensive engagement with the market, police forces, and other authorities determined how such services were being procured by others and assessed any

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

opportunities for collaboration. As the MPS requirements are very specific and the CCS Vehicle Conversions DPS was in place to provide a shared route to market, this was used.

15. Following tender publication and evaluation, it is recommended that contracts be awarded to:
 - 1) BVE for the work in Lots 1, 4, and 5; and,
 - 2) VCS for the work in Lots 2 and 3.
16. Both suppliers committed to appointing a number of apprentices and offering work experience for young people at school, as part of delivering the contract services. They also demonstrated how they will identify and tackle inequality in employment, skills and pay in the workforce including a number of further education and training courses.
17. Both suppliers' tender submissions detailed how they will ensure that opportunities under the Vehicle Conversion and Decommissioning contracts will demonstrate collaboration with users and communities through the co-design and delivery of the contract to support strong integrated communities. This included supporting local community projects, charitable donations and encouraging spend through local businesses (Small and Medium-sized Enterprises: SMEs).
18. Ethical sourcing areas were also addressed by both suppliers, to ensure that workers employed in their supply chains throughout the world are treated fairly, humanely and equitably and to comply with the Modern Slavery Act. Both suppliers showed their commitment to complying with the principles of the Ethical Trading initiative (ETI) base code. This includes ensuring they and any sub-contractors ethically source all materials and complying with laws.

Legal Comments

19. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). When awarding public contracts for goods and services valued at £189,330 or above, all contracting authorities must do so in accordance with the Regulations.
20. This paper confirms the value of the proposed contracts exceed this threshold and so the Regulations are engaged.
21. This report identifies a Crown Commercial Services vehicle conversion DPS as MOPAC's procurement route for the two contracts. A compliantly-procured agreement via DPS shall constitute a compliant route to market on the basis the DPS is still in force, MOPAC is identified as an eligible user of the DPS, MOPAC's requirements are within the technical and financial scope of the DPS and the call-off procedure set out in the DPS is followed. The management and commercial case sections within this paper confirm that the above are met.
22. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for

Policing and Crime (“DMPC”) has delegated authority to approve:

- 1) Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and,
 - 2) All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
23. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

Equality Comments

24. By utilising the CCS vehicle conversion dynamic purchasing system (RM3814) the MPS benefits from being part of a national procurement solution which also enables the opportunity to support local economies and SMEs.
25. An equality screening assessment has determined that there are no negative equality impacts or diversity implications arising from this procurement process. The agreement for the Provision of Conversion and Decommissioning Services will ensure suppliers adhere to their obligations in accordance with equality law.
26. In addition, it should be noted that the MPS support the Mayor’s Responsible Procurement Policy including: Enhancing Social Value, Encouraging Equality and diversity, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

Privacy Comments

27. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (“DPA”) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
28. Under Article 35 of the General Data Protection Regulation (“GDPR”) and Section 57 of the DPA 2018, Data Protection Impact Assessments (“DPIA”) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
29. The Information Assurance and Information Rights units within the MPS were consulted prior to procurement initiation to ensure project meets its compliance requirements.
30. Personal data is not required or stored.
31. Provision of Conversion and Decommissioning does not use personally identifiable data of members of the public or Met personnel, aside from essential basic contact details necessary to ensure the discharge of the contract, so there are no GDPR issues to be considered.

Real Estate Implications

32. There are no real estate implications as a result of awarding these contracts.

Environmental Implications

33. The MPS Environment and Sustainability policy and the MPS Environment & Sustainability Strategy 2019-2021 have been taken into consideration. The specification of requirements for the provision of Conversion and Decommissioning Services also captured the MPS commitment to the GLA Responsible Procurement Policy, which was updated in March 2021².
34. The service solution delivered through these contracts with BVE and VCS should demonstrate the application of circular economy principles³, where possible, ensuring suppliers maximise the lifespan of any products associated with contract delivery. This should align with both suppliers' expected commitment to the waste hierarchy and the aforementioned GLA Group Responsible Procurement Policy⁴.
35. Each supplier is required to provide a six-monthly report that includes a summary of environmental performance. Both will be expected to provide Fleet Services and the Environment & Sustainability Team with quarterly data, on how many products and/or vehicles were recycled, sold, repurposed or disposed of. Additional data specifically on waste will also be made available, ensuring that the MPS can provide this data to the GLA; presented at their quarterly responsible procurement forums or used for progress reports, as appropriate.

Background/supporting papers

Report author: Jason Powell, Head of Fleet Services

² https://www.london.gov.uk/sites/default/files/gla_group_responsible_procurement_policy_2021.pdf

³ <https://www.london.gov.uk/publications/circular-economy-statement-guidance>

⁴ https://www.london.gov.uk/sites/default/files/gla_group_responsible_procurement_policy_2021.pdf

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of contract award for provision of conversion and decommissioning services is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure for Commercial Interest Section 43

The paper will cease to be exempt until seven years after all contracts have expired.