

9 July 2021

Report of	Assistant Director Environment	Author	Robert Doran
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Title	Award of Contract for the purchase of Fleet for Helpline, Neighbourhood Services and Pest Control		
Wards affected	All wards		

1. Executive Summary

- 1.1 As part of an ongoing programme to update the Council's fleet every seven years, Cabinet, on 23 November 2020 delegated authority to the Chief Operating Officer in consultation with the Portfolio Holder for Waste, Environment and Transportation (now Portfolio Holder for Environment and Sustainability) to purchase or contract hire twenty-one vehicles, including electric and or hybrid versions, providing that the costs could be met from within the agreed budget.
- 1.2 This report sets out recommendations for the award of contract for Electric Vehicle (EV) and hybrid vehicles only. The other 4x4 vehicles required have been subject to a separate procurement exercise.
- 1.3 By procuring twelve small, two medium and one large fully electric vans, plus four hybrid cars as set out in the report, the Council will be reducing its fleets tailpipe emissions by 1,797g/km per year. This will help to continue to support the Council's objectives in the reducing air pollution, which can help to improve the health of Colchester residents and reduce avoidable cost to the NHS.
- 1.4 The recommendation is to award a contract to the best place bidders following a soft market process which has taken place using Nottingham City Councils Framework CPU 4134 - ULEV and Hybrid Vehicles – Lot 1, the results of which are set out in this report.
- 1.5 The Council is working alongside Nottingham City Council in the implementation of charging points under the Nottingham City framework, which is proceeding in a separate capital investment programme.

2. Recommended Decision

- 2.1 To accept the bids submitted by Renault, and Maxus.
- 2.2 To proceed with ordering 17 vehicles in 2021 and for a further two vehicles in 2023, at the end of their contract hire arrangements.

3. Reason for Recommended Decision

- 3.1 The bids received from Renault, and Maxus were compliant with the Council's requirements and the lowest priced.
- 3.2 Different manufacturers provide different types and vehicle sizes, all have been scrutinized to ensure they suit the Council's operational needs in consultation with the relevant departments.
- 3.3 Without a regime of vehicle replacement, the Council will not be able to deliver a satisfactory and core service to residents, visitors, and businesses.
- 3.4 The Council has a responsibility to ensure that all fleet complies with national standards, is adequate in terms of capacity, is reliable and is fit for purpose to deliver against the agreed outcomes for the service.

4. Alternative Options

- 4.1 The Council could continue to extend the lease hire for existing vehicles; however, the extended hire agreement will include conditions relating to damage or failure of any major vehicle components (e.g., engines, gear boxes etc). Due to the age, wear, and tear of vehicles such component failure is likely and presents additional risk in terms of finance and operational resilience.
- 4.2 To not award a contract under this exercise would have implications that may prevent Neighbourhood Services, Parks, Pest Control and Helpline teams carry out their daily duties to all wards of the Borough.
- 4.3 Contract hire bids were assessed for the same vehicle types; however, this did not prove to be the most cost-efficient method.

5. Background Information

- 5.1 A Cabinet report was presented on 23 November 2020 setting out the requirements for the purchase or contract hire to replace the Council's existing 'small' fleet. The Council's small fleet enables the Council to undertake activities and duties across a range of teams and services including, Neighbourhood Wardens, general street cleansing and maintenance, Country Park operations, Pest Control, and the Helpline service.
- 5.2 This report sets out recommendations in relation to the purchase of EV and hybrid cars and small vans. Due to the different specification and requirements, the 4x4 vehicles outlined in the above referenced report have been subject to a separate procurement exercise, and not included within the scope of this report.
- 5.2 The Council is working with the Carbon Trust to develop a detailed Carbon Management Plan to 2030. This includes a strategy to transition to a fully EV Fleet and the Council is working with experts at the Energy Savings Trust to develop this programme. In line with this strategic approach, the procurement of low emission / EV vehicles for the Council's small fleet was considered a viable operational and financial option. As such, the recommendations set out in this report will be the first phase of the Council's plan to transition to a low carbon fleet over the next few years.
- 5.3 In pursuit of the best practicable environmental option for the vehicles considered in this report, electric vehicles are the Council's preferred choice. Other options however have been carefully considered, taking into account the impact on operational viability. The Cabinet report of 23 November set out the following:
- 5.4 The Helpline service covers North East Essex (Colchester and Tendring) on a twenty-four-hour basis. It is a critical service for vulnerable members of the community. To deliver this service, the fleet needs to provide absolute reliability and certainty. Having considered usage and vehicle charging times in relation to demand and call outs, there is a risk that reliance on fully electric vehicles may jeopardise service resilience and response times. For this reason, hybrid vehicles are being recommended that better match operational need at this time and which will provide a significant improvement on the current diesel vehicles in terms of environmental performance.
- 5.7 Officers have worked closely with service areas, reviewing specification and requirements. In summary, the Council is pursuing the purchase of:

Service	Vehicle Type	Number
Neighbourhoods	Small electric van	10
Neighbourhoods	Medium electric van	2
Neighbourhoods	Large electric van	1
Helpline	Small hybrid car	4
Pest Control	Small electric van	1
Pest Control	Small electric van	1
	Total	19

- 5.8 The Cabinet report proposed that the Procurement Partnership Limited (TPPL) Framework would be used for the procurement, however in working with industry networks the Council have instead partnered with Nottingham City Council (NCC). NCC are at the forefront of EV fleet uptake nationwide and have expanded their expertise into assisting other local authorities in their fleet requirements. NCC has set up an Ultra-Low Electric Vehicle (ULEV) Procurement Framework, that specialises in EV fleet and infrastructure and to that end, the Council has used this procurement route for the hybrid and EV fleet procurement, due to the expertise and knowledge provided by the team; CPU 4134 - ULEV and Hybrid Vehicles – Lot 1. This also ensures compliance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. In addition, the Council has continued this partnership with NCC to include the installation of the EV infrastructure to support the Councils pursuit of encouraging EVs (see para. 5.12).
- 5.9 After establishing a specification and testing the market through the Framework, officers have selected those manufacturers that accurately match the specification and those at the lowest cost. Those manufacturers were Renault and Maxus.

Vehicle specifications

Hybrid vehicles for Helpline

- 5.10 Four hybrid vehicles are being procured for the Council's Helpline service; these are replacing the four vehicles already in service. The Renault Clio E-Tech Hybrid is recommended by officers. It emits 96g/km of CO₂ in comparison with its new diesel counterpart, which emits 109g/km. This vehicle can drive on full electric power up to 80% of the time in urban settings. An "EV" button is available on the vehicle meaning that when engaged it will force the vehicle to run electric motors if there is enough charge available. Driver training will be provided to staff to ensure these functions are explained and advised.

Other EV vehicles – small cars and vans

- 5.11 The Renault Kangoo E-Tech will replace the current fleet of small vans and comes with a 33kw battery giving a Worldwide Harmonised Light Vehicle Test Procedure (WLTP) of 143 miles per full charge. Connected to a 7kw charger the vehicle will fully charge in six hours.
- 5.12 The Maxus e-Deliver 3 will replace the current fleet of medium vans and comes with two different battery options, 35kw and 52.5kw. The Government have recently changed the way they issue grants making the price of either battery sizes very similar. As a result, the Council will take the option of the larger battery giving a WLTP of 150 miles. This vehicle will fully charge in eight hours.
- 5.13 The Maxus e-Deliver 9 will replace the large van and comes with two different sized batteries, again for the reason stated with the Maxus e-Deliver 3 the council will take the option of the larger battery. Due to the need for the Council to tow a 1500kg Karcher machine to carry out graffiti works the e-Deliver 9 is the only fully electric van out in the current market that has that towing capability.

EV infrastructure

- 5.14 A separate project under the capital works programme to provide the necessary charging infrastructure at Rowan House to support the transition to EV for this section of the Council's fleet is ongoing. NCC will be carrying out the installation with UK Power Networks also increasing the electrical supply to the site.
- 5.15 Progress on this has been delayed slightly due to the requirement for a contamination report for an area of land at the rear of Rowan House to be completed. Once this has been produced, the works programme for the EV charging installation will be finalised. There is confidence the infrastructure will be in place ahead of the EV fleet arrival.

6. Environmental and Sustainability Implications

- 6.1 In line with recommendations from the Energy Savings Trust and as set out in the Councils Fleet Transition Forward Plan, it is recommended to purchase a fully electric small fleet based on cost and operational viability. The agreed forward plan for fleet replacement sets out proposals to transition to a fully electric fleet by 2030.
- 6.2 The decommissioning of the existing small fleet vehicles, which contain Euro V engines and replacing with new electric, and hybrid will produce less hydrocarbons plus nitrogen oxides, bringing benefits to public health and the environment. These electric vehicle replacements will create a healthier environment for staff and the public as they produce zero tailpipe emissions. The hybrid vehicles will ensure cleaner fuel technology and reduce CO₂ emissions, which falls under the Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles. The Council should also see an improved fuel efficiency gain.
- 6.3 As the Council transitions from Euro V diesel vehicles to fully electric vehicles, there will be an immediate reduction in CO₂ tailpipe emissions from fleet. The Energy Savings Trust provide a table in their report explaining the average CO₂ emissions on small fleet.

Vehicle Type	CO₂ produced
Small Van	108g/km
Medium Van	149g/km
Large Van	203g/km

- 6.4 By procuring twelve small, two medium and one large fully electric vans the Council can reduce tailpipe emissions by 1,797g/km.
- 6.5 Staff will be fully trained on the use of electric and hybrid vehicles, driver training will be introduced which will educate each driver on how to maximise battery range and how to charge vehicles from their static charging points.
- 6.6 The contract includes obligations to ensure that the Council is kept informed about the latest environmental technology innovations.

- 6.7 The Council will constantly investigate and identify alternative options to improve the environmental impacts of the Council's fleet and will seek opportunities to trial new technology in line with the net-zero Carbon target.
- 6.8 The Council is already implementing a range of other recommendations from the Energy Savings Trust to mitigate environmental impact including:
- Driver training for fuel efficiency
 - Better use of fleet telematics to improve driving efficiencies (e.g., no idling)
 - A focus on transitioning small fleet to EVs sooner – including EV infrastructure work underway at Rowan House.
 - Depot infrastructure improvement planning for future electrification of heavy fleet
 - Utilising E-cargo bikes
 - Route optimisation to reduce emissions from fleet.

7. Financial Implications

- 7.1 In 2018/19, the Council decided to move away from the more expensive option of lease hire to direct purchase via borrowing, resulting in significant savings to the Council. The recommendation from officers, having taken into consideration hire purchase, is to pursue outright purchase, this means outright ownership of the vehicles from the outset and making a one-off payment to the supplier. The current 21 leased vehicles will be returned, and the Council will be required to repay the borrowing costs of the new vehicles over the operational life of the assets. Estimates at the time of writing this report indicate that Public Works Loan Board (PWLB) interest rates of approximately 2.5% would be applicable over the 7 years.
- 7.2 A report provided by the Energy Savings Trust includes whole life cost modelling based on a five-year time frame. Five years is the maximum period that can be modelled as it is the longest time frame the data suppliers will predict residual values and service costs for. The Council operates vehicles over a seven-year period and this retention policy will materially impact in favour of light commercial vehicles. This is because the financial case for electric vehicles is improved, the longer a vehicle is on fleet, as it allows the lower operating costs to gradually write off the initial higher capital cost of the asset over time
- 7.3 The 2021/22 Capital Programme includes an allocation of £726,000 for the acquisition of twenty-one small fleet vehicles funded by prudential borrowing. The revenue implications of borrowing and the on-going running costs have already been included as part of the 2021/22 budget.
- 7.4 The capital costs of the fifteen EV vans and four hybrid cars determined by the tender exercise is £474,084. Including the costs for the two 4x4 vehicles subject to a separate procurement exercise is £49,584, making a total capital cost of £523,668, making a capital cost saving of £202,332. The reduction in capital cost has a subsequent reduced impact on revenue costs.

	Estimated revenue cost per year
Minimum Revenue Provision for vehicles (£524k capital borrowed repaid in 7 equal annual instalments)	£74,810
Interest costs per vehicle	£13,092
Minimum Revenue Provision for infrastructure (£100k capital borrowed repaid in 10 equal annual instalments)	£10,000
Interest costs for infrastructure	£2,500
Vehicle maintenance	£23,700
Additional electricity cost (estimate and subject to negotiation) (2)	£3,300
Hosting back-office support and ongoing maintenance of the charging units (1)	£2,500
Fuel savings by conversion to electricity (2)	-£8,800
Existing budget	-£86,600
Total	£34,502

(1) The EV charging infrastructure is subject to a separate Capital Investment Programme bid and there will be associated revenue impact for the hosting, back-office support, and on-going maintenance of the charging units. These costs are now estimated at around £2,500 per year (down from an estimated £10,400) but vary per supplier and will be identified and costed fully during the procurement process.

(2) As stated in the Cabinet report the Council is likely to make a £8,800 p/a saving on fuel with an additional cost of £3,300p/a for electricity to charge the vehicles.

7.5 A review of the current electrical tariffs at Rowan House will be undertaken to allow the Council to take advantage of off-peak tariffs as most vehicle charging will take place overnight.

7.6 The additional revenue costs estimated in the original Cabinet report of £78,902 have reduced to £34,502. This will be funded by savings or reductions within the existing operational revenue budget.

8. Consultation

8.1 The Council have been in consultation with the Energy Savings Trust regarding the implementation of EVs and the infrastructure required to charge these vehicles.

8.2 Frontline staff and service managers involved in the operational management of core services that require fleet vehicles have been consulted and will continue to be involved at all stages to ensure that vehicles are fit for purpose and appropriate.

- 8.3 Demonstration EVs have been tested with teams and the feedback received was extremely positive.
- 8.4 There are no further direct consultation requirements over and above the process of publishing procurement awards.

9. Publicity Considerations

- 9.1 The introduction of EV and hybrid fleet vehicles is a demonstration of the Council's commitment to tackling the Climate Emergency and demonstrates positive progress on the journey to being net zero carbon for Council operations by 2030.
- 9.2 The vehicle fleet underpins many of the Council's core frontline teams and is a highly visible asset out in communities supporting services that benefit residents, local businesses, and visitors to Colchester.
- 9.3 Livery will be added to the vehicle clearly setting out the hybrid or EV technology that is being implemented

10. Health, Wellbeing and Community Safety Implications

- 10.1 The new vehicles which include fully electric will emit zero tailpipe emissions while travelling through the borough. The hybrid and diesel vehicles will produce less CO₂ emissions than that of the older returning fleet due to upgraded engines. This will improve air quality of the borough by reducing emissions. 1 in 20 deaths in Colchester are linked to pollution (Public Health England). Air pollution is linked to many health problems including asthma, strokes, cancer and heart disease. Children are particularly at risk as well as pregnant women, the elderly and those with heart and respiratory conditions are also vulnerable to its effects. The main source of Colchester's air pollution is exhaust fumes and treating air pollution related health problems comes at an avoidable cost to the NHS.
- 10.2 These new vehicles should contribute to staff wellbeing as the vehicles will be more reliable meaning less downtime in fulfilling daily duties. They are also quieter which creates a more comfortable and relaxing driving experience.

11. Health and Safety Implications

- 11.1 The Council has a corporate responsibility to ensure that all fleet and transport operations comply with national standards.

12. Risk Management Implications

- 12.1 Without the procurement of these vehicles the Council would be unable to undertake effectively relevant statutory duties under the relevant Public Health Acts, Prevention of Damage by Pests Act 1949, Environmental Protection Act 1990 and the Clean Neighbourhoods and Environment Act 2005.
- 12.2 The Council has sought to mitigate against any potential risks with procurement by following a compliant procurement process and ensuring

contingency plans are in place for any failure of vehicles that may impact on core services.

- 12.3 Battery life running out while the vehicles are in service could affect the daily duties of our operatives, however staff will be fully trained on how to extend battery life on the vehicles prior to them taking them out for the first time. Data has also been analysed comparing current daily driving mileage on the current fleet against the battery range on the vehicles being procured.
- 12.4 Recent fleet procurement has indicated there is a potential risk to delays in manufacturing of fleet as a result of difficulties resulting from the impact of Covid-19. Once orders have been placed, discussions can proceed on delivery times with the manufacturers, and this will be carefully managed with the services, against the impact of budgets.

13. Equality, Diversity and Human Rights implications

- 13.1 Please note the EQIA for the Council can be found on the Council's website. www.colchester.gov.uk on the following pathway:

<https://www.colchester.gov.uk/info/cbc-article/?catid=equality-impact-assessments&id=KA-01531>

- 13.2 Throughout the Council's procurement strategy, staff have ensured that all procurement and purchasing documentation recognises, understands, and supports the Council's policies with regards to equal opportunities, diversity and human rights.

14. Strategic Plan References

- 14.1 Fleet operations are a key element of the way the Council delivers its services to residents and businesses and therefore underpins much of the activity that will deliver against the strategic priorities. Fleet operations within the context of the Councils 'Climate Challenge and Sustainability' Strategic Priority are considered within section 16 of this report.

Appendices

No appendices.

Background Papers

No background papers.