

Report of Project Manager, Sustainable Energy & Air Quality Team

Report to Director of Resources and Housing

Date: 16th November 2018

Subject: Fleet Replacement Programme – High Roofed Vans

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. As the council is currently consulting on a proposal to implement a charging Clean Air Zone (CAZ), it is imperative that the council continues to reduce the emissions of its own fleet as well as ensuring compliance with the required standards under the CAZ.
2. In April 2018 Executive Board approved the spending of £14.7M for the fleet replacement programme for the 2018/19 financial year to ensure that the council fleet was compliant with the Clean Air Zone to be introduced in January 2020.
3. The existing contract used for the procurement of vehicles ended on 31st March 2018. A procurement exercise was undertaken and the Procurement Partnership Limited (TPPL) were awarded the contract for the supply of vehicles to the Council. The anticipated spend using this contract over the next two years is likely to be in the region of £30M.
4. The procurement process for the fleet replacement programme will see a number of exercises for the replacement of certain fleet themes of vehicles. The framework for these procurement allows the council to ensure that the most economically viable option is chosen for vehicles that match the requirements of the services whose vehicles are being replaced.
5. This procurement exercise has been for the replacement of the councils' high roofed vans, 3.5t Luton vans, and 3.5t tippers (standard and dropside), two procurement exercises has been undertaken for all of these vehicles to a total value of £282,409.54.

Recommendations

It is recommended that the Director of Resources and Housing;

- Approve the award of the contract for the provision of up to 8 high roof vans across four specifications to the value of £111,496.30 to Peugeot Motor Company PLC,
- Approve the award of the contract for the provision of 2 x 3.5t standard tippers to the value of £39,539.56 to Peugeot Motor Company PLC,
- Approve the award of the contract for the provision of 5 x 3.5t Luton vans to the value of £113,123.30 to Peugeot Motor Company PLC, and
- Approve the award of the contract for the provision of a 3.5t standard dropside tipper to the value of £18,249.78 to Peugeot Motor Company PLC.

1 Purpose of this report

- 1.1 This report requests the Director of Resources and Housing to award a contract for the purchase of welfare vehicles.
- 1.2 This exercise would assist the council in delivering against its value of 'Spending Money Wisely'.

2 Background Information

- 2.1 The current and previous governments have made a policy commitment for almost every car and van to be a zero emission vehicle by 2050 and that it will end the sale of all new conventional petrol and diesel cars and vans by 2040.
- 2.2 In January 2018 the Committee on Climate Change said that 60% of new cars must be electric by 2030 to meet greenhouse gas targets and that with the sale of low emission vehicles increase and diesel vehicles reduce that the sale of electric vehicles will outstrip that of diesel vehicles by January 2021.
- 2.3 Leeds has been named as one of many cities in the UK that needs to take action to address its air quality. As a result in December 2017, the council proposed the implementation of a Class B Clean Air Zone for all buses, coaches, HGVs and taxi and private hire vehicles. A CAZ requires all impacted vehicles entering the zone to be compliant with either Euro 6 (diesel) or Euro 4 (petrol) engine standards, with a requirement for the taxi and private hire fleet to move towards petrol hybrid or electric. The first stage of the consultation for this proposal closed on 2nd March and a further report will be brought to executive board in June 2018.
- 2.4 The council has a sizeable fleet of vehicles that operate all around the city. The fleet currently consists of 1,133 vehicles across all directorates.
- 2.5 The current fleet is well advanced in terms of proportion of ULEVs in comparison with other public sector fleets. The fleet comprises of 7% ULEV vehicles made up a mixture of pure electric, hybrid and CNG.
- 2.6 In April 2018 the Executive Board approved the £14.7M budget required for the 2018/19 fleet replacement programme which will ensure that the council fleet is fully compliant with CAZ.

3 Main issues

Tender process

- 3.1 In October 2018 the council went out to tender for its ling wheel base high roofed vans to replace those vehicles that were part of the fleet replacement programme for 2018/19, the replacement of these vans is with a cleaner diesel Euro VI engine version although the vehicles would be exempt from the CAZ charges.
- 3.2 A separate exercise was undertaken to replace the 3.5t Luton vans, tippers and dropside tippers that were not compliant with the CAZ with a diesel Euro VI engine replacement vehicle.

3.3 The procurement exercises were based fully upon the cost of the vehicles using the formula;

$$\text{Tendered score} = \frac{\text{Lowest Tendered Price}}{\text{Tendered Price}} \times \text{Percentage available}$$

3.4 Non-scoring quality elements were included within the tender process and those organisations on the framework wishing to tender for the contract were requested to provide information regarding;

- Delivery – lead in times for the vehicles
- Warranty – the length and mileage parameters of the warranty,
- After sales and account management – the quality of the after sales provision, and
- Meeting of the technical specification – adherence to the specification provided as part of the tendering exercise.

3.5 Organisations were also requested to provide two references for recent contracts that the suppliers had provided for other local authorities or similar types of organisations.

3.6 The council advertised a two tender exercise for;

- Long wheel base high roof vans, and
- 3.5t Vans (Luton, standard and dropside tippers)

3.7 Both of the tender exercise were won by Peugeot Motor Company PLC for the value of £282,409.54 (£111,496.30 for the high roofed vans and £170,913.24 for the 3.5t vans).

4 Corporate considerations

4.1 Fleet Services have consulted with service managers within the departments on the specifications of all the vehicles being purchased. The new vehicles will meet the specification required by the service to operate.

4.2 Fleet Services and the team delivering the Cutting Carbon and Improving Air Quality Breakthrough project have worked closely together to ensure that vehicles being purchased support the strategic work to reduce emissions from our fleets and make a contribution to improving public health through improving Air Quality.

4.3 There are a number of inter-related projects being delivered at the same time as the fleet replacement and there are dependencies across all projects. The team dealing with the fleet replacement programme are liaising closely with project teams delivering all of these projects. The complementary projects include;

- The CNG Station Construction Project

- The Electric Vehicle Charging Infrastructure Project
- The New Waste Depot Construction Project
- Leeds Building Service expansion
- Hire Fleet Reduction strategy
- The introduction of telematics across the fleet.

4.4 Equality and diversity / cohesion and integration

4.4.1 An equality, cohesion, diversity impact assessment has been undertaken as part of the business case development phase. This showed that there were no equality, diversity or cohesion issues with this fleet replacement programme.

4.4.2 Due to the large number of vehicles involved along with the number of staff who will be using these vehicles there may be a requirement to apply appropriate reasonable adjustments for the use of vehicles and this will be identified and addressed by the service upon order and receipt of the vehicle on a vehicle by vehicle basis.

4.5 Council policies and best council plan

4.5.1 This report draws attention to co-ordinated working that demonstrates a contribution towards the following priorities contained in the Best Council Plan:

4.5.2 Achieve the savings and efficiencies required to continue to deliver frontline services

4.5.3 The report highlights the contribution to the following Council Business Plan priorities:

- Developing Leeds as a Low Carbon city
- A carbon reduction target of 40% by 2020
- Improving the city's Air Quality through reductions in harmful pollution from diesel engines
- Spending Money Wisely – Achieving Value For Money in respect of its fleet replacement programme
- Ensuring that Leeds City Council's Fleet will be compliant with the introduction of a Clean Air Zone by 2020 in line with Government Legislation.

4.6 Resources and value for money

4.6.1 There has been a fleet replacement programme in place for many years and this is funded through the Capital Programme. In recent years there has been limited replacement of vehicles and additional work has been undertaken by Fleet Services to extend the life of the fleet.

4.6.2 This programme of works will ensure that the Council is compliant with the Clean Air Zone by January 2020 and will also include those vehicles whose life has

already been extended and are due for replacement between 2018/19 and 2023/24.

4.7 Legal Implications, access to information and call in

- 4.7.3 There are no legal issues relating to this report and all information within this report is publicly available.
- 4.7.4 The procurement process is compliant with the council's Contract Procedure Rules and involves a call off from an established framework that is compliant with European Union legislation.
- 4.7.5 Due to the value of this procurement exercise and the subsequent exercises that will utilise the new framework of supplier this decision is subject to call in.

4.8 Risk management

- 4.8.1 A full risk assessment has been undertaken and risk register has been developed as part of the development of the business case to deliver this procurement exercise.
- 4.8.2 The primary risks in delivering a ULEV fleet by 2025 are:
 - Alternative vehicles either not available on the market or remain unaffordable - preventing the council from achieving a completely ULEV fleet by 2025. – to mitigate this the team will continue to work closely with the marketplace to inform them of our requirements and to influence potential future developments as well as supporting trials and research to help product development.
 - The CNG Station is not constructed within sufficient time i.e. December 2019 to provide a fuelling station for the transition of refuse collection vehicles from diesel to CNG. In mitigation the upgrade of vehicles will be closely managed to ensure that a decision can be made in a timely manner about when an order for CNG vehicles can be placed.

5 Conclusions

- 5.1 There is already a fleet replacement programme which will see vehicles within the Council's fleet replaced on a periodic cycle of usually five or six years dependent upon the mileage of the vehicle over that time and the costs of a new vehicle outweighing ongoing maintenance costs. This proposal will bring some vehicles into that cycle early due to the financial implication if the proposed CAZ were to be introduced.
- 5.2 At a time of continued financial pressure this investment will lead to longer term financial savings in terms of fuel, vehicle maintenance, potential CAZ charge and will form the backbone of a fleet reduction, rationalisation and management strategy which itself will at least financially break-even but will also deliver improvements in air quality.

6 Recommendations

It is recommended that the Director of Resources and Housing;

- Approve the award of the contract for the provision of up to 8 high roof vans across four specifications to the value of £111,496.30 to Peugeot Motor Company PLC,
- Approve the award of the contract for the provision of 2 x 3.5t standard tippers to the value of £39,539.56 to Peugeot Motor Company PLC,
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