



Report of: Ellie Salvidge, Senior Project Officer, Sustainable Energy and Air Quality

Report to: Polly Cook, Chief Officer for Sustainable Energy and Air Quality

Date: 25/05/2020

Subject: Procurement of Commercial and Private Hire Vehicle Insurance

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

1. Main issues

- The EV Trials scheme is a Highways England funded initiative which will allow organisations across West Yorkshire and private hire drivers licenced by Leeds City Council to trial a fully electric vehicle for either 1 or 2 months. The scheme aims to overcome any barriers organisations and drivers may have to switching to electric vehicles.
- The EV Trials team need to insure a number of the electric vehicle fleet procured for the purpose of the scheme in order to make the scheme accessible for micro businesses and private hire drivers.
- Due to the tight timescales to produce the outcomes specified in the funding bid to Highways England, the team do not have time to undergo the full procurement process. Therefore they have gone directly to a service provider specified by the Internal Service Provider (ISP) after they themselves had expressed that they were not able to undertake the necessary work.

2. Best Council Plan Implications

- The procurement of this insurance will contribute towards the ability of the service to meet the Best Council Plan objective of “Improving air quality, reducing pollution and noise”.

- The scheme this procurement is enabling aims to reduce the number of internal combustion engine (ICE) vehicles, and increase the number of zero emission vehicles, on the roads in Leeds thereby supporting the Climate Emergency through reduction in carbon emissions.

3. Resource Implications

- The total value of the insurance for one year commencing on 8th June 2020 is £37,449.56 for 13 vehicles. The EV Trials scheme is scheduled to complete by the end of October 2021, meaning that an extension to the policy will be required to insure the vehicles for the whole of the delivery period. To extend the same policy on a pro rata basis by seven months would increase the total cost to £59,295.14 although there is no guarantee that the product would be offered at the same price in 12 months' time.
- The EV Trials budget had £30,000 allocated to insurance over the lifetime of the project, so this represents an overspend against that original budget. However, the scheme is underspent in other areas which means this cost can be accommodated within the existing financial envelope with the marketing and communications budget will not be fully utilised due to high level of interest already generated.

Recommendations

In respect of the procurement of commercial and private hire vehicle insurance the Chief Officer of Sustainable Energy and Air Quality is recommended to approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements, and award a contract to Plan Insurance Services Limited in the sum of £37,449.56. The contract shall commence in March 2020 and expire in March 2021 with the option to extend for a period of 7 months. The total spend including any extension will not exceed £100,000.

1. Purpose of this report

- 1.1 This report seeks approval from the Chief Officer for Sustainable Energy and Air Quality to waive CPR 8.1 and 8.2 and allow the service to directly procure the insurance of 8 commercial vehicles and 5 private hire vehicles from March 2020 until October 2021 for the purpose of the EV Trials scheme.

2. Background information

- 2.1 The EV Trials scheme is a Highways England funded initiative which will allow organisations across West Yorkshire and private hire drivers licenced by Leeds City Council to trial a fully electric vehicle for either 1 or 2 months. The scheme aims to overcome any barriers organisations and drivers may have to switching to electric vehicles. When fully procured, the scheme will loan out a total of 70 vehicles and will run until October 2021.
- 2.2 The EV Trials Team have to date procured 44 commercial vehicles (20 Renault Kangoo ZE 33 and 24 Nissan e-NV200). The team are required to insure a number of this commercial vehicle fleet in order to make the scheme accessible to micro businesses.

- 2.3 The EV Trials Team have also procured 5 Nissan Leafs for private hire driver use. These 5 vehicles are also require to be insured to make the scheme accessible to private hire drivers.
- 2.4 Larger organisations who own a larger fleet of vehicles will already have multiple vehicle insurance policies which will easily be able to be adjusted to cover the loaned electric vehicles. Alternatively they may just choose to accept full liability. However micro businesses and single drivers would need to take out new insurance policies which the EV Trials team perceive as a barrier for engagement to these groups. Therefore for the success of the trial across all business types and private hire drivers the insurance of a number of vehicles is necessary.
- 2.5 Of the project budget, £30,000 was assigned to insurance of vehicles, which is not enough to cover the full fleet of 70. Therefore only 8 of the commercial vehicles alongside the 5 Nissan Leafs for private hire drivers will be insured as this strikes a fair balance between ensuring the scheme is accessible to smaller organisations and keeping costs under control.

3. Main issues

Reason for Contracts Procedure Rules Waiver

- 3.1 The ISP (LCC insurance team) was approached when looking to procure this service however they expressed that they were not able to provide the insurance required through any existing council insurance policies.
- 3.2 On the advice of the ISP, the EV Trials Team consulted with Colleagues at Nottingham City Council who had set up a similar scheme. Nottingham City Council directed the team to their recommended insurance brokers, Plan Insurance Services Limited. The team have therefore replicated best practice from another local authority after having consulted internally first.
- 3.3 The use of a broker ensures a value for money quote. The proposed spend of £37,449.56 is well within the overall scheme budget and the overspend above the initial £30,000 budget for insurance can be covered by an underspend on property costs.
- 3.4 Due to the time pressure of the scheme (completion date October 2021) the EV Trials Team were not able to undergo the full procurement process. Further delay was added by the imposition of lockdown in late March rendering the vehicles unavailable to customers for two months. There has already been substantial interest from customers and substantial publicity and a launch event have already taken place. Without this insurance in place the EV Trials offer would only be available to larger organisations with the resources to insure third party vehicles themselves, reducing the appeal of the scheme to smaller companies or third sector organisations. By ensuring that organisations of all sizes are able to trial electric vehicles for free we are promoting the council priority on inclusive growth as well as reducing the risk that the fleet is under-utilised.
- 3.5 Once approval to award has been obtained a contract will be entered into using the council's standard tender documentation as well as being registered on YORtender and Contracts Finder.

Consequences if the proposed action is not approved

- 3.6 The later the vehicles are insured and therefore ready to loan out, the shorter the period of time the scheme is operational as there is a scheme end date of October

2021. Therefore if the proposed action is not approved there will be a reduction in the benefits of the EV Trials scheme. Benefits include; direct reduction in the number of ICE vehicles on the road throughout the loan periods contributing to better air quality in West Yorkshire; and businesses partaking in the scheme realising the benefits of fully electric vehicles and considering/making fleet changes towards these types of vehicles.

- 3.7 Delay to the start of the EV Trials scheme puts the Council at risk of reputational damage from the funder, Highways England. If benefits are not maximised the funder may not be encouraged to work with Leeds City Council again or offer further funding to prolong the scheme.
- 3.8 Delay to the start of the EV Trials scheme also puts the Council at risk of reputational damage from organisations/drivers that have shown interest in the scheme. If customers feel they are left waiting it could negatively impact upon their likelihood of taking part in the scheme and therefore reduce the potential of them considering electric vehicles in their fleet replacement programmes.

Advertising

- 3.9 No advertising was undertaken for this procurement. This is due to the time pressure to launch the scheme in conjunction with the EV Trials team being referred to Plan Insurance Brokers by Nottingham City Council, via the ISP.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 It is not considered that the recommendations made in this report will have a significant impact on any particular ward or community, and as such no consultations have taken place with residents or Councillors.
- 4.1.2 Consultation has taken place internally with the LCC insurance team and colleagues in Nottingham City Council in order to ensure that a suitable product at a reasonable cost is procured. Colleagues in PACS have been consulted to ensure that CPRs are being waived for an appropriate reason.
- 4.1.3 The waiver of CPR 8.1 and 8.2 is available as an option as long as the relevant Chief Officer is satisfied that the chosen supplier offers value for money. Given the fact that the EV Trials team were unable to use the ISP, were referred directly to an external provider and are under time pressure to deliver the project effectively then it is considered that this requirement has been fulfilled.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration Screening form has been completed, it is not considered that the recommendations made will have any impact on any specific individual or group.

4.3 Council policies and the Best Council Plan

- 4.3.1 The procurement of this insurance will contribute towards the ability of the service to meet the key objective of "Improving air quality, reducing pollution and noise" which is within the Best Council Plan.

Climate Emergency

4.3.2 This procurement supports Leeds City Council's commitment to reach net zero carbon by 2030, as set out in March 2019 under the declaration of a Climate Emergency. The scheme the procurement is enabling aims to reduce the number of ICE vehicles, and increase the number of zero emission vehicles, on the roads in Leeds. If successful there would be a decrease in emissions, including carbon, from vehicles across Leeds thereby contributing to the reduction needed by 2030.

4.4 Resources, procurement and value for money

- 4.4.1 The value of the insurance products to be purchased is £37,449. Should the decision be taken to continue the insurance until the end of the project it will cost a further £15,603, assuming the same premium on a pro rata basis. This is more than the budgeted provision of £30,000 for insurance over the lifetime of the project, but, underspends on property costs mean this additional cost can be absorbed within the overall scheme budget.
- 4.4.2 Whilst a formal competitive tender process hasn't been undertaken in this instance, the ISP was approached in the first instance. The ISP expressed they were unable to undertake the required work and directed the team to another local authority who had run a similar scheme who referred them to the broker they used. Under the time restraints the EV Trials team has, using this broker is the best option available to ensure value for money is obtained.
- 4.4.3 Funding to purchase the insurance is available from the budget provided by Highways England specifically for the EV Trials scheme.
- 4.4.4 As the EV Trials scheme is scheduled to complete in October 2021 and this insurance policy is only scheduled to last 1 year, there is proposed to be an extension to this policy and further spend next year. This will be funded by the same Highways England provided grant.

4.5 Legal implications, access to information, and call-in

- 4.5.1 A waiver of CPRs in the circumstances is an option available to the service as long as the Chief Officer can be satisfied that value for money has been obtained.
- 4.5.2 This decision will be a significant operational decision therefore it will be published on the Council's website but is not eligible for call in.

4.6 Risk management

- 4.6.1 There is a risk of challenge to the decision not to advertise this opportunity however given the fact the team are under strict time pressures to launch the EV Trials scheme and were referred directly to the service provider via the ISP, the proposed course of action is considered justified and therefore low risk.
- 4.6.2 Not proceeding with the suggested service provider as outlined in this document will mean a considerable delay to the launch of the EV Trials scheme. This raises the risk of the scheme being deemed unsuccessful due to the reduction in number of businesses and drivers put through the trial.

5. Conclusions

- 5.1 Due to the set end date of the EV Trials scheme (October 2021) there is an urgency for the team to launch the scheme as soon as possible in order to achieve the

objectives set out in the funding bid to the scheme funder, Highways England. The EV Trials team had hoped to use the ISP, however they expressed they were not able to provide the insurance that was needed. Had the team had more time they would have undertaken a full procurement exercise. The team are proposing to procure from a supplier recommended through a route from the ISP and it is therefore considered that the Council is obtaining best value for money considering the time pressure of the project.

6. Recommendations

- 6.1 In respect of the procurement of commercial and private hire vehicle insurance the Chief Officer of Sustainable Energy and Air Quality is recommended to approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements, and award a contract to Plan Insurance Services Limited in the sum of £37,449.56. The contract shall commence in June 2020 and expire in June 2021 with the option to extend for a period of 5 months. The total spend including any extension will not exceed £100,000.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.