



Report of Chief Officer Civic Enterprise Leeds

Report to Director of Resources & Housing

Date: 18th November 2020

Subject: Authority to Spend for Fleet Replacement Programme 2020/21

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 checked="" type="checkbox"/> Yes <input 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 Covid-19 pandemic has had a major impact on the Council's financial position which has led to a revision of the capital programme in order to reduce the revenue debt burden. As a part of this review, the fleet replacement programme has been reduced from an original capital value of £5.9m to £1.9m in 2020/21 with future years' annual programmes also reduced. The reduced capital fleet replacement programme has been approved at September's Executive Board.
- This report provides an update on the fleet to be replaced with part of the £1.9m fleet replacement also now including funding for completion of the Electric Vehicle Charging Point (EVCP) infrastructure which, in turn, will enable delivery of revenue savings included within the original Fleet Service Review.
- A process for dealing with the issue of identifying fleet for replacement within the constraints of the reduced capital programme will be outlined, together with collaborative working with key client directorates to ensure they are engaged in decisions that impact on their services.
- The anticipated spend using this contract over 2020/21 is likely to be in the region of £1.9m consisting of £900k for fleet replacement and £1m for completion of the city wide EVCP infrastructure programme so that savings from increasingly switching our fleet to EVs can be achieved. The TPPL Framework will be used to place orders for the replacement fleet and the EVCP infrastructure will be delivered

through Electric Blue (EB) Charging Limited who have previously been awarded the EVCP supply and services contract.

- The revised fleet procurement element of the expenditure for this year will consist of 7 vehicles which are 4 Refuse Collection Vehicles (RCVs) and 3 vans with an estimated capital value of £900k.

2. Best Council Plan Implications

- Approving this report allows the service to contribute to achieving the Best Council Plan, specifically around making savings and efficiencies required to maintain frontline services, improving air quality through supporting an increasing number of EVs in operation which will enable Leeds to develop as a low carbon City.

3. Resource Implications

- Funding for the £1.9m proposed authority to procure required in this report is included within the revised 2020/21 capital programme approved by Executive Board in September.

Recommendations

The Director of Resources and Housing is asked to approve the expenditure and authority to spend of £1.9m for the 2020/21 fleet replacement programme which incorporates funding for the completion of the EVCP infrastructure.

1. Purpose of this report

- 1.1. The report details and requests approval of the £1.9m fleet replacement programme for 2020/21 and a process is outlined of how CEL Fleet Services will manage the capital programme reductions approved by Executive Board in September 2020.

2. Background information

- 2.1 The initial capital programme for 2020/21 was approved by Executive Board in February 2020 and this included an £5.9m for the 2020/21 Fleet Replacement programme. However, following the significant financial impact of the Covid-19 pandemic on the Council's finances, a review of all schemes within the capital programme has been undertaken with a view to reducing the revenue debt burden culminating in a revised and reduced programme being approved by Executive Board in September.
- 2.2 The capital programme review has led to a reduction in the 2020/21 Fleet replacement programme of £4m, down from £5.9m to £1.9m. This reduction in the capital programme provision will contribute to the reduction in the overall revenue debt burden for the Authority.
- 2.3 The Council also has an ambition to improve the city's air quality through reductions in harmful pollution from diesel engines and as a part of achieving this has increased the proportion of its fleet which comprises EVs. In order to have more EVs operational, electric point charging infrastructure needs to be installed throughout the locations where the vast majority of EV fleet will be based. This report also sets out delivery of the EVCP infrastructure.
- 2.4 The current fleet is well advanced in terms of proportion of ULEVs in comparison with other public sector fleets. The fleet comprises of 30.67% ULEV vehicles made up a mixture of pure electric, hybrid and CNG.

3. Main issues

- 3.1 The reduction in the fleet replacement programme for both this and the following financial years will require an increased focus on the condition of vehicles within the fleet so as to identify and prioritise vehicles for replacement so as not to adversely impact the revenue maintenance budgets as a result of increasing maintenance costs of keeping vehicles on fleet for longer periods which would negate some of the borrowing savings. The initial replacement programme included provision for a total of 67 vehicles to be replaced, the revised programme provides funding for 7 vehicles to be replaced, a reduction of 60 vehicles.
- 3.2 Fleet Services will put in place a number of processes and measures so as to make sure that the Council stays within its allocated vehicle replacement budget and revenue costs are contained against the challenge of extending vehicle lives. The first of these measure will include an assessment of the condition of the existing fleet with a particular focus on vehicles in the years 5 and 6 life cycles. The assessment will be initially through using intelligence from the Fleet IT system to gather intelligence around maintenance costs and honing in on those vehicles which have significantly above average costs. These vehicles will also be physically inspected to gain a greater understanding of their condition before including them on the list for replacement. The cumulative effect of this exercise will give an

estimate of the replacement budget that will be required within each year's programme and whether this is in sync with the capital programme provision.

- 3.3 In parallel to the exercise at paragraph 3.2 above, we will establish a communication framework with client directorates so that they are kept informed of the process and are engaged within the decision making process. In this respect the potential roll out and use of telematics across services will help improve driver behaviour and safety and aid in extending vehicle lives. There would be a need to work with client services and trade unions on this.
- 3.4 In addition to tightening up the process for vehicle replacement within the constraints of a reduced replacement budget, we also need to complete the EVCP infrastructure so as to help deliver savings of £278k linked to the EV replacement programme included within the initial Fleet Services Review. The EVCP infrastructure programme includes provision for a total of up to 428 EV charge points with 105 of these for home charging. The capital costs of installing these charge points is estimated at £1m and with a significant proportion of the estimated costs accounted for where groundworks maybe needed and/or the supply to be updated.
- 3.5 With respect to the vehicles to be replaced, the 4 RCVs and 3 vans will be purchased with the latest Euro 6 engines to keep emissions to a minimum. The 3 vans for which replacement is required are of a large size and no suitable EV replacement is currently available. It should be noted that in addition to this report, there will be a separate report requesting approval for the purchase of vehicles for Leeds Building Services relating to the insourcing of the housing responsive repairs, voids and cyclical maintenance contract for the South of the city.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Fleet Services have consulted and agreed 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.
- 4.1.2 Fleet Services and the Sustainable Energy and Air Quality team 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 within the constraints of a reduced capital programme.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 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.

4.3 Council policies and the Best Council Plan

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

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

4.6 Risk management

- 4.6.1 The procurement exercise will be conducted in line with Contract Procedure Rules to mitigate against any risks.

5. Conclusions

- 5.1 Approval of this report will enable the Authority to implement the revised 2020/21 Fleet replacement programme and provide for the completion of the Authority's EVCP infrastructure which will enable the delivery of some of the savings included within the 2020/21 budget strategy arising from the Fleet Services Review.

6. Recommendations

The Director of Resources and Housing is asked to approve the expenditure and authority to spend of £1.9m for the 2020/21 fleet replacement programme which incorporates funding for the completion of the EVCP infrastructure.

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.