

London Borough of Enfield

Portfolio Report

Report of: Doug Wilkinson,
Director of Environment & Operational Services

Subject: Fleet Capital Expenditure 2021/22

Cabinet Member: Cllr Rick Jewell

Executive Director: Sarah Cary

Ward: All

Purpose of Report

1. This report details the proposed expenditure of the Fleet Capital Budget for the financial year 2021-22. This identifies those vehicles, plant and equipment that are scheduled for replacement and/or new procurements for use by Council services.

Proposal(s)

2. It is recommended that approval be given for the scheduled replacement and procurement of vehicles and plant as set out in Appendix 1 – Vehicle and Plant Procurement 2021-22. The budget for Fleet Capital was approved by cabinet in February 2021 under key Decision KD5210 as referenced in this report and identifies £2.705m allocated for the Vehicle Replacement Programme for 2021-22. £2.3m allocated as new capital for F/Y 21/22 (under KD5057) and £405k rolled over from F/Y 20/21. The total budget available for 2021/22 is £2.705m
3. All relevant services have been consulted and where possible it is proposed that electric vehicles are purchased. This will include the move of the entire small van fleet (34 vehicles to electric) and the introduction of electric vehicles for Highways Verges and Housing Maintenance. Where diesel is being purchased, electric options have been explored but discounted due to lack of model availability and/ or affordability at present.
4. It is recommended that authority be delegated to the Director of Environment and Operational Services to approve allocations within the approved fleet capital budgets as necessary for operational reasons.
5. That the decision for the procure and award of the relevant contracts/ purchase vehicles within the approved budgets as detailed in Appendix 1, be delegated to the Director of Environment and Operational Services.

Reason for Proposal (s)

6. As part of this year's replacement program the introduction of new electric vehicles will demonstrate the Council's commitment to the targets in the Climate Action Plan.
7. Approval of this report will allow the Fleet Services to continue with its programme of replacing the Council's fleet of vehicles, ensuring it delivers where possible, electric vehicles and where not ensures an efficient and low emission fleet to all council services.

Relevance to the Council Plan

8. The Enfield Council fleet is a key part of the council's operational services and ensures they are able to deliver essential services to all areas. A well-managed, modern electric and/ or low emission fleet will support all three of the council priorities:

Good homes in well-connected neighbourhoods

The council fleet is a highly visible and recognisable asset to residents. Providing replacement vehicles for all council services will enable them to operate effectively for those people who live, work or travel in the Council area. Further, the provision of using modern reliable vehicles will enhance the delivery of service for residents.

Safe, healthy and confident communities

By using proven vehicle converters and suppliers, the vehicles and equipment will be available for duties for greater periods thus enabling the Council to provide these services on more regular and continued basis to maintain safe healthy and confident communities.

An economy that works for everyone

Where possible electric vehicles will be the first option that will be provided when it comes to replacements. Vehicles and equipment in this proposal that are not electric will meet all current and future emission regulations giving us a fleet of clean and efficient vehicles. This will ensure our carbon footprint is reduced and kept to a minimum when it comes to vehicle operation. By providing for the needs of the services, teams will have an efficient fleet of modern vehicles meaning less downtime and more efficiency.

Background

9. The 2021/22 capital funding for fleet is contained within the agreed 10-year Capital Programme approved by cabinet on 3 February 2021 (Appendix 2 – KD5210; Table Appendix 1c identifies £2.3m allocated for the Vehicle Replacement Programme for 2021-22). There is a value of £405k (making up the remainder of the allocated spend) that was rolled over from F/Y 20/21. The budget was not used due to covid effect on vehicle supply from manufacturers.
10. Fleet Services currently has an on-going programme for the procurement, management and disposal of all council owned fleet vehicles, plant and equipment.

Main Considerations for the Council

11. Current requirements are set out in the table below with existing and new service requirements identified.
12. The vehicles set out in the table include the provision of new electric vehicles for the Highways and Housing maintenance, which was brought back in-house on 1st April 2021 and will be the first Council service to operate with all-electric vehicles.
13. Currently the council has several contract-hire arrangements with suppliers. Contract hire is the hire of a vehicle for a specific fixed term. At the end of the term the vehicle is returned to the supplier, the current council model for vehicle acquisition is outright purchase and the asset belongs to the council. Options analysis have concluded that contract hire is currently more expensive. The proposal is to change from the contract hire vehicles to owned assets in line with the current vehicle fleet acquisition strategy.

Vehicle/Equipment	Service	Existing Fleet	New Service	No. of Vehicles	Total Anticipated Cost (£)
Electric Vans - Small	Enfield IT (3) Street Cleansing (3) Waste Service (4) Commercial Waste (2) Parks Operations (7) Enviro Crime (1) Parking Services (1) Enfield Homes (2) Highways/Housing Maintenance (3) Safe & Connected (4) Pest Control (3) Fleet Services (1)	Y		34	£635,000
3.5t Tipper Cage (electric)	Highways/Council House Grounds Maintenance		y	6	£380,000
3.5t maintenance van (electric)	Highways/Council House Grounds Maintenance		y	2	£120,000
8.5t RCV	Waste	Y		1	£90,000
Narrow RCV	Waste	Y		5	£800,000
Tractors	Parks Operations	Y		5	£360,000
All-Terrain Vehicles	Parks Operations	Y		7	£130,000
24 Seat Bus	PTS	y		2	£190,000
Total				62	£2,705,000
F/Y 20/21 Budget Rolled Over					£405,000
F/Y 21/22 New Capital funding agreed					£2,300,000
					£2,705,000

14. Vehicles are a requirement to directly deliver or support the delivery of frontline services and require replacement as part of the vehicle replacement program. This ensures that vehicles do not go past their 'useful life cycle' and that reliability and maintenance costs do not become overly excessive and uneconomical. Further, technological advances are constantly evolving which will deliver fuel efficient and clean vehicles that can be delivered through a replacement programme.
15. As part of the vehicle replacement programme, vehicle utilisation and requirements are reviewed with service departments to ensure that we run at an optimum level of vehicles and provide vehicles and equipment that is best suited to each service and assists them in best delivery of their services.

16. In order to determine the number of vehicles and pieces of equipment needed, all heads of service have been contacted and asked to review their service and operational needs surrounding vehicles. Fleet have also checked vehicle usage to ensure and quantify need. Consultation with heads of service has also looked at future service developments, reductions or constraints which would affect future vehicle requirements. Where possible we have streamlined the fleet to ensure full utilisation.
17. Within this procurement, Fleet Services will procure 50 vehicles and 12 items of plant and parks equipment. 42 of the 50 vehicles (84%) will be electric. The remaining 8 vehicles, plant and parks equipment will need to be diesel as currently there are no electric options available.

Safeguarding Implications

18. The proposals within this report are for the replacement and addition of fleet vehicles and plant and it is not considered that there are any specific safeguarding implications.

Public Health Implications

19. The 2021/22 fleet replacement program has clear public health implications.
20. The change to electric zero emission vehicles (where possible) will provide cleaner air for residents and the workforce who are operating in close proximity to the vehicles are part of their working duties.
21. All the new vehicles will be designed and procured to meet all health and safety and EU regulations. In addition, we will be fully compliant with the Construction Logistics and Cyclist Safety report and Work-Related Road Risk regulations. All drivers will have induction training as part of any purchases and all workshop technicians will have full training on maintenance and operation of the equipment.

Equalities Impact of the Proposal

22. Corporate advice has been sought regarding equalities and following initial screening that was carried out which showed no impact, an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.
23. However, it should be noted that the any purchases/ contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

Environmental and Climate Change Considerations

24. The Climate Action Plan includes an action to switch the Council's vehicle fleet to electric with a target of 60% by 2026 and 100% by 2030. For 2020/21 the use of diesel for fleet vehicles made up around 14% of the total direct emissions (Scope 1 and 2) for the Council.
25. The proposed use of Fleet Capital Budget to switch 42 of 62 vehicles & plant to electric will be a significant first step towards achieving and is accordance with the fleet related action and targets in the Climate Action Plan.

26. It should be noted that there will be residual carbon emissions from the use of electricity while the grid decarbonises, however these are significantly lower than for diesel or other alternatives and will reduce over time.
27. In addition to reduced carbon emissions, electric vehicles emit lower levels of pollutants which impact on air quality (NOx and PM10 in particular). They also have no discernible engine noise so are quieter in operation.

Risks that may arise if the proposed decision and related work is not taken

28. The key risk to the Council is an increase of vehicle down time as a result of breakdowns by continuing to extend the life of the current vehicles resulting in a reduction vehicle availability to the services and their operations.
29. There will be an increase in costs to fleet services who will need to hire additional vehicles to cover these vehicles as there will be increased downtime for repairs and maintenance.
30. By not adopting this proposal and the move to electrification of the fleet, the council would not be progressing to achieving the targets as set out in the climate action plan.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

31. By taking this decision there may be a risk that service requirements for vehicles change where vehicles are no longer required. This is mitigated in full by owing the vehicles as they can be sold without any penalties being incurred.

Financial Implications

32. The agreed available capital budget for the fleet replacement programme in 2021/22 is £2.705m. This will be fully funded from borrowing. This total is made up of £2.3m approved budget profiled for 2021/22, plus £405k which has been rolled over from the 2020/2.1
33. These vehicles will be owned and managed by Fleet Services and the vehicles will be serviced/maintained by the internal Fleet Workshops.
34. All routine maintenance costs will be carried out by the internal fleet workshop team and service departments will be charged an annual internal cost for transport). This will be funded from relevant department revenue budgets.
35. Service departments will be fully responsible for fuel, non-routine maintenance/damage costs; this will directly be charged to service department revenue cost centres.

Legal Implications

36. Section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.
37. The Localism Act 2011 provides the Council power to do anything that individuals generally may do provided is not prohibited by legislation and subject to Public Law principles.

38. The contracts will be public supply contracts under the Public Contracts Regulations 2015 (PCR 2015). Prior to the award of any contract with an estimated value above the threshold of £189,330, the Council must comply with the Public Contracts Regulations 2015. Additionally, the Council must comply with its Constitution and Contract Procedure Rules (CPRs).
39. Where the decision is a Key Decision and the Council must comply with the Key Decision process under the Constitution. Additionally, at the award stage, where the value of any contract is over £500,000, the award of the contract will be a Key Decision and the Council must comply with its governance process in respect of Key Decisions.
40. The Council must comply with its duty to show Best Value as set out in the Local Government Act 1999.
41. Delegated authority to the Director of Environment and Operational Services for approvals will require appropriate compliance dependant on the procurement route taken and the value of the purchases/ contract.

Workforce Implications

42. None

Property Implications

As the size of the fleet of electric vehicles grows, new charging points for the fleet will need to be procured and installed at depots and places of fleet operation. This is being carried out as a separate project and as part of the implementation of the borough-wide Electric Vehicle charging strategy, and the property implications of relating to that project will be addressed as part of that strategy's approval process. Fleet Services in conjunction with the Climate Change Task Force are leading this project to order and procure charging points at all depots and sites where fleets are kept. This is being funded through fleet and costs offset by fuel savings.

Other Implications

43. None

Options Considered

44. The Council could extend current lease and contract hire arrangements. However, this would be dependent on the cooperation of the various suppliers. They have been approached and have confirmed they would be willing to do this, but this would not be a long-term option and may be more costly due to increasing maintenance. This is due to the contract hire companies being unwilling to extend beyond a specified date due to the depreciating value and resale value of the vehicle.
45. The Council could enter into new contract hire arrangements. However, this would not be the most cost-effective route and will involve a re-tendering exercise that would mean we are tied into three-year agreements at minimum.
46. The Council could do nothing. This has been dismissed as we will need to do something with the existing lease and contract hire agreements and would not be cost effective to keep and maintain the existing fleet.

Conclusions

47. Following confirmation of the capital budget, Fleet Services propose to purchase and deliver the vehicles and equipment requirements for the council services set out in this report. Approval of this report will allow the continuation of the fleet replacement program. The incremental move to electrification of the fleet starts the transition and demonstrates progress against targets to deliver the lower carbon emissions as part of the climate action plan. This proposal will see 15% of the fleet transformed to electric. The long-term benefits for residents and workers of a cleaner environment and healthier borough are well documented and proven and adoption of this proposal will assist us in leading by example for all vehicle users in the borough

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Background Papers

The following documents have been relied on in the preparation of this report:

KD5210 – Cabinet Capital Budget report

Appendix 1 – Vehicle and Plant Procurement 2021-22