Name of meeting: Cabinet
Date: 14th December 2021
Title of report: Transport Services Capital Investment Vehicle Replacement Programme (VRP); 21/22 - 25/26 - Proposed Expenditure

Purpose of report:

- The purpose of the report is to seek Cabinet approval to proceed with the expenditure of £6.25m from the agreed Capital Plan for the Vehicle Replacement Programme (VRP) in 21/22 - 25/26. There may be a requirement to drawdown some of the later year's capital to meet commitments. The proposed expenditure will replace ageing Euro 4 and 5 standard vehicles with electric vehicles and the latest greener Euro 6 models[1], including purchasing a number of electric vehicles for Waste Services for sustainable transport development purposes, this includes an Electric Refuse Collection Vehicle (E-RCV).

- Members will be requested to delegate authority to the Service Director - Highways and Streetscene, to manage the implementation of the Capital Investment VRP within the agreed budget (in accordance with the Council's Financial Procedure Rules 3.9 to 3.14 dated May 2021). Capital investment is a continuation to the previous three-year Capital Investment VRP which was agreed by Cabinet on 11 December 2018.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	**Yes (Published 12 November 2021)** Overall cost is £6.25m for 21/22 to 25/26
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	**Key Decision – Yes** **Public report and private appendices**
The Decision - Is it eligible for call in by Scrutiny?	**Yes**
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	**2 December 2021** Colin Parr (Strategic Director - Environment and Climate Change) **30 November 2021** Eamonn Croston (Service Director – Finance) **29 November 2021** Julie Muscroft (Service Director - Legal, Governance and Commissioning)
Cabinet member portfolio	**Cllr W Simpson - Cabinet Member for Culture and Greener Kirklees**

[1] Euro 6 is the latest standards introduced by the European Commission to regulate the level of pollutants released from the tailpipes of vehicle engines. Euro 6 aims to reduce the levels of harmful emissions including nitrogen oxide (NOx), carbon monoxide and particulate matter - soot from diesel engines.

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public, all appendices private.

- These appendices are recommended to be taken in Private because the information contained within them is considered to be exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that it would not be in the public interest to disclose the information contained in the appendices as disclosure could potentially adversely affect overall value for money and could compromise the commercial confidentiality of the bidding organisations and may disclose the contractual terms, which is considered to outweigh the public interest in disclosing information including, greater accountability, transparency in spending public money and openness in council decision-making.

Has GDPR been considered? No implications

1. Summary

1.1 The purpose of the VRP is to provide the capital fleet replacement programme with accurate figures as to when vehicles should optimally be replaced considering the maintenance history, depreciation value and the current age of the fleet. The Councils own comprehensive fleet datasets are used to create and support the programme.

1.2 The key objectives of maintaining an efficient VRP are:

- Support the Council's Climate Emergency commitments and air quality improvement work
- To ensure that all the Council services have a vehicle fleet that is fit for purpose, therefore minimising valuable vehicle maintenance downtimes to avoid critical service delivery disruptions.
- Maintain and protect the Councils *Office of the Traffic Commissioners* Operators Licence.

1.3 The proposal includes planned expenditure to purchase a number of emerging specialist electric vehicles, an E-RCV, 3.5-ton waste van tipper, compact waste street sweeper and potentially a 4x4, assisting with our research and development into future sustainable transport, strengthening our transition to electric vehicles and a net zero fleet.

1.4 This report also highlights the vehicles which need to be replaced in 21/22 - 23/24, and to approve £6.25m expenditure, which is the agreed VRP Capital Plan baseline allocation for the next 5 years 21/22 – 25/26. Not replacing these vehicles would mean that the Council would continue to operate a higher number of pre-EURO 6 standard vehicles, not reducing tailpipe emissions where possible. The proposal would reduce our pre-EURO 6 fleet by approximately 56 vehicles (includes 33 HGV's). Continuing to operate these vehicles that are beyond their optimal lifespan would be contrary to our Climate Emergency commitments also put frontline operations at risk, both in terms of ensuring an efficient frontline delivery model and also in terms of financial challenges.

1.5 In order to aid the implementation of the VRP, members are requested to delegate authority in accordance with the Council's Financial Procedure Rules, 3.9 to 3.14 (dated May 2021) to the Service Director for Highways and Streetscene. This is to manage the procurement and implementation of the programme within the respective agreed total programme budgets.

Delegated powers would include the authority to:

(i) Add new vehicles to the programme without prior Cabinet approval providing that the total cost of the programme remains within the approved Capital allocations set by Council.
(ii) Defer or delete the procurement of vehicles during the course of the period to enable the effective management of the programme; there were minor changes to the 18/19 – 20/21 replacement plan.

1.6 All virements, additions and deletions would be reported retrospectively to Cabinet in accordance with Financial Procedure Rule 3.14 dated May 2021. Please see Appendix A (Private) for list of vehicles purchased within the 18/19 – 20/21 Capital allocations.

1.7 All vehicles will be intended to be procured and phased into operational service by the end of each financial year, although some factors out of our control could delay this intent such as excessive vehicle manufacturer lead-times as a result of global market states. Please see Appendix B (Private) for list of vehicle categories to be replaced using the agreed Capital.

2. Information required to take a decision

2.1 Transition to a net zero fleet and future VRP

- Due to current technological and infrastructure challenges the Council are not yet in a position where it is viable for all of the Council's fleet to be electrically powered. However, where possible, the Council have made some significant improvements. From the £2million of Climate Emergency funding agreed to support Electric Vehicle take up and charging availability.

- £1m was invested in the addition of another 35 electric Light Commercial Vehicles (LCVs) to the fleet, bringing the total for electric LCVs up to 7.5 per cent, compared to 1 per cent in 2019. Also, 69 per cent of the Council's operated cars are now electrically or partially electrically powered, compared to 20% in 2019.

- The replacement vehicles of this proposed expenditure will greater our tailpipe emissions savings as these vehicles will be greener EURO 6 conventional diesel vehicles. These will replace either EURO 5 or earlier EURO category vehicles. The current EURO emission profile of our fleet is adversely impacted by the age of the vehicles. This includes a high proportion of refuse vehicles that are pre-EURO 6's. These refuse vehicles will be replaced using this proposed expenditure. The EURO 6 engine is a much greener engine variation, this will benefit local air quality through reduction in pollutants such as NOx, SOx, CO^2 and PM10's. These new vehicles will also ensure fuel consumption is optimised, because as engines get older, they begin to wear, and this adversely affects MPG.

- Our greatest challenge to overcome though is improving our infrastructure so that an increase in electric vehicle chargers can be accommodated and also to ensure that the electric vehicle technology meets the expectations of our operational delivery models. Replacing the vehicles contained within this report with electric alternatives isn't currently a viable option due to these factors. Therefore, to assist in our research and development of emerging electric vehicle technology and to support our journey to transitioning to electric vehicles, in-particularly specialist vehicle types, we propose that an electric RCV, a 3.5-ton van tipper, compact sweeper and potentially a 4x4 to be procured using this planned expenditure. This will give the authority the opportunity to independently use these vehicles on day-to-day operations, proving invaluable for collating vehicle usage data that we can analyse and use to map out potential future electric vehicle programmes.

- It is the Council's ambition to transition to a greener fleet and Transport Services are focused on leading the way regarding sustainable fleet options in support of the Councils Air Quality Strategy agenda and achieving 'net zero' carbon emissions by 2038. Currently, Transport Services are leading on the following sustainable transport projects to support the journey towards a net zero fleet:

(i) **Home Charging Pilot and the procurement of x 35 Electric vans** – This has taken our fully electric fleet to 60 vehicles (40 vans and 20 cars). Due to current charging infrastructure limitations, a home charging scheme is to be piloted in 2022 to support service operations for up to 25 electric vans. This should provide a fit for purpose, cost saving charging infrastructure compared to a limited capacity and costlier depot only infrastructure. 5 dual chargers have also been installed at Flint St. Highways depot; these chargers will support the remaining 10 electric vans.

(ii) **Vehicle to Grid Charging (V2G)** – In October 2021, two V2G chargers were installed at Vine St. depot and a further charger installed at Flint St. depot. V2G chargers enable energy to be pushed back to the power grid from the battery of an electric vehicle. V2G supports the Council's Climate Emergency commitments by allowing our energy system to balance more and more renewable energy.

(iii) **Electric Refuse Collection Vehicle (E-RCV) Demonstrations** – Earlier this year, the Council received an electric RCV to demonstrate. The vehicle completed limited service trials and was also used as part of an information display at the recent Kirklees COP 26 Roadshow held by the Council in Dewsbury in partnership with the Department for Business, Energy and Industrial Strategy.

(iv) **Electric Mechanical Sweeper Demonstrations** – Across last Winter the Council tested several new electric mechanical sweepers. This learning supports the procurement of a fully electric sweeper detailed in Section 1.3.

(v) **Hydrogen HGV Vehicle Considerations** – The Council are currently in the early stages of investigating alternative HGV combustion methods, this includes Hydrogen technology.

(vi) **Workshop staff Electric Vehicle (EV) maintenance Level 3 courses** – In-order for our Workshop staff to be qualified to undertake maintenance on our new fleet of electric vans, our Workshops staff are currently undertaking level 3 EV maintenance courses to prepare Transportation Services for the future needs of a greener fleet.

2.2 Optimal Fleet Replacement.

- There are currently approx. 160 vehicles that are over their replacement age profile, this equates to 20% of the vehicle fleet. The optimal fleet replacement timeframes per vehicle types as reflected in the VRP are as follows:

  Table 1. VRP Vehicle Type Optimal Replacement Years.

Category	Optimal Replacement Year
RCV / HGV	8 Years
Small Vans	8 Years
Compact Sweepers	7 Years
Large Sweepers	8 Years
Tipper Vans	9 Years
Pickups	8 Years
Large Vans	7 Years
Minibus	9 Years
4x4's	9 years

- Please note - The Useful Economic Life (UEL) of a vehicle is the point at which depreciation and maintenance cost per mile meet one another and provides an indication of the theoretically most economical point at which to dispose of a vehicle. Our own fleet UEL datasets along with general vehicle conditions states (bodywork and corrosion) were used to calculate the above set timescales[2].

2.3 **Service Disruption**.

- Ageing vehicles are prone to breakdowns leading to increased maintenance downtimes, this puts significant pressures on the Transport Services Workshops. This then has adverse impacts on service delivery for frontline services, coupled with significant hire costs being incurred by Services in-order to cover vehicles that are off-the-road to ensure operations aren't affected.

2.4 **Increased Maintenance Costs**.

- Replacing vehicles is an exercise in risk management and operating ageing vehicles contributes to climate change, compromises air quality improvements and leads to increased maintenance costs and vehicle downtimes.

2.5 **Vehicle Emissions**.

- Operating vehicles within their optimal lifespan, supports maintaining lower vehicle emission standards. This is because as vehicles age, engines loose efficiency.

3. Implications for the Council

3.1 Road transport is a fundamental requirement of sustaining business needs. Healthy fleet management is a way for the Council to control costs, improve productivity, lower risk

[2] In 2020, an extensive data analysis project on optimal fleet replacement was carried out by Transport Services in-order to reprofile the VRP timeframes. These projected figures are based on the findings of that work.

and maintain compliance in our vehicle fleet. Road transport is also key to improving business efficiency and growth, investing to grow.. Approximately 20% of fleet is over its optimal replacement timescales.

- **Working with People**

  A healthy VRP ultimately ensures that frontline services using vehicles to deliver their day-to-day operations do so effectively, minimising disruptions to residents and businesses.

- **Working with Partners**

  Transport Services will continue to work with Council services to understand their current and future needs, by using more controlled methods of fleet replacement and adopting a strategic approach to vehicle replacement for critical service delivery (this involves a support and challenge approach and ongoing market research to understand all options of fleet availability). The Council will also work with Kirklees Climate Commission to share our learning to support other employers from across all sectors with their journeys toward net zero fleets.

- **Place Based Working**

  As the Council seeks through this paper to continue it's journey towards a net zero fleet, the Council is also working with all service areas to identify how our future fleet needs can also support the accelerated delivery of a place based approach to service delivery.

- **Climate Change and Air Quality**

  Please see *Transition to a net zero fleet and Future VRP* in Section 2 of this report.

- **Improving outcomes for children**

  Please see *Transition to a net zero fleet and Future VRP* in Section 2 of this report.

- **Other (eg Legal/Financial or Human Resources)**

  The following were also considered: Human Resources, IT, Early Intervention and Prevention (EIP), Economic Resilience (ER), and reducing demand of services. If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary are contained within this report.

4. Consultees and their opinions

Procurement - Procurement of new vehicles will comply with the Council's Contract Procedure Rules 2021 and the Public Contracts Regulations 2015. The Council has a duty to obtain Best Value under the Local Government Act 1999.

5. Next steps and timelines

Transport Services will continue to manage the VRP and deliver the vehicles necessary to meet service needs working in conjunction with Procurement.

6. Officer recommendations and reasons

It is recommended that Cabinet approve the existing capital plan allocation of £6.25m for 21/22 to 25/26 to facilitate a Vehicle Replacement Programme (VRP). This includes a potential drawdown of future years funding to meet commitments.

Approve the officer delegations to the Service Director Highways and Streetscene to manage the implementation of the VRP within the agreed budget in accordance with the Council's Financial Procedure Rules 3.9 to 3.14 dated May 2021. This is to ensure that all planned vehicle expenditure can be authorised by the Service Director from now up until the next Cabinet report is raised for the next round of funding requests. The delegated powers would include the authority to ensure that unforeseen issues can be dealt with by exception to respond to timely and urgent fleet replacements.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder supports the recommendations, including that Cabinet approve the existing capital plan allocation of £6.25m for 21/22 to 25/26 to facilitate a Vehicle Replacement Programme (VRP). This includes a potential drawdown of future years funding to accelerate the outcomes detailed at Section 2 of this report.

This proposed expenditure and officer delegation is required to address the need to transform the Council's vehicle fleet to meet our Climate Emergency carbon reduction targets and replace vehicles which have been identified as essential to maintain operational delivery.

8. Contact officer

Nick Clegg-Brearton CMILT (Fleet and Transport Manager)
Email: Nick.Clegg-Breartobn@kirklees.gov.uk
Tel: 01484 221000

9. Background Papers and History of Decisions

Transport Services - 3-year Capital Investment Vehicle Replacement Programme 2018 – 2021.

10. Service Director responsible

Wendy Blakeley (Service Director Highways and Streetscene - Interim)
Email: wendy.blakeley@kirklees.gov.uk
Tel: 01484 221000