NORTH SOMERSET COUNCIL DECISION

DECISION OF: **THE DIRECTOR OF DEVELOPMENT AND ENVIRONMENT**

WITH ADVICE FROM: HEAD OF STRATEGIC PROCUREMENT

DECISION NO: 20/21 DE 152

SUBJECT: Award of contract for fleet vehicles

KEY DECISION: YES

The value of this decision exceeds £500,000.

BACKGROUND:
North Somerset Council fleet of cars and vans are now at the point where all its Internal Combustion Engine (ICE) vehicles have reached and go beyond the end of their economic useful life.

There are 31 vehicles within the fleet which are mainly used for Meals on Wheels, adult day care, pool cars, team vans and company cars. Fleet Services currently manage the vehicles in accordance to driver's service area Service Level Agreement's (SLA) and the maintenance schedules outlined within the Council's FleetCheck system.

The Investment and Infrastructure Board (IIB) has approved the modernisation and replacement of the North Somerset Council's ICE vehicles to Battery Electric Vehicle's (BEV). Please see Appendix A for IIB report. This will aid the delivery of carbon neutrality by 2030 in line with the North Somerset Council Core Strategy (2017), the Joint Local Transport Plan 4 (2019-2036) and the draft North Somerset Corporate Plan 2019-23. The Replacement vehicles will improve tax efficiency, be more reliable, reduce the whole life costs of the assets, and be more sustainable.

DECISION:
To approve award for the purchase of replacement fleet to Kia Motors UK (cars), Nissan Motor Company Ltd (small vans) and Vauxhall - PSA Group (mid-Size vans).

REASONS:
CCS portal was able to provide us with indicative prices/discounts on offer to local authorities and showed that Kia and Nissan were significantly cheaper compared to the other vehicles which met NSC's requirements. Following the indicative quotes, the local dealers were contacted directly to confirm quotes in finer detail, such as the paint options and servicing etc. the Nissan Vans are best fit and price available for NSC requirements. Direct quotes with Vauxhall gave a significant 33% available discount.

Award Criteria
As part of the original decision, evaluation focused on most recent need of service and value for money with the below criteria being met. North Somerset Council require to replace a total of 31 vehicles consisting of 9 new full electric Small Panel Vans, 3 new full electric Mid-

Size Panel Van's and 17 longer range full electric cars. The 2 larger High Roof type Van's will be required when the marketplace is able to supply with present vehicle option availability being low and costs for this type of vehicle being unacceptably high.

The original capital investment was agreed for 31 vehicles of £755,000 which will be offset by sale of existing wholly owned assets and Office for Low Emission Vehicles (OLEV) grants).

Car criteria:

- New, full electric passenger car
- Worldwide Harmonised Light Vehicle Test Procedure (WLTP) combined range above 250 miles
- Boot size above 400L
- 5 seats
- Rapid charge ability
- Warranty of at least 5 years
- Local dealer network
- Strong residual value

Small Panel Van criteria:

- New, full electric van
- WLTP combined range above 150 miles
- Cargo load size above 4000L (4m³)
- Rapid charge ability
- Warranty of at least 3 years
- Local dealer network
- Strong residual value

Mid-Size Panel Van Criteria:

- New, full electric van
- WLTP combined range above 150 miles
- Cargo load size above 5300L (5.3m³)
- Rapid charge ability
- Warranty of at least 3 years
- Local dealer network
- Strong residual value

Procurement Procedure and publishing Information

Multiple call-offs from (Crown Commercial Service) CCS RM6060 Framework. Using the CCS Online Fleet Portal, the council obtained real-time quotations from Lot 1 Cars and Lot 2 light commercial vehicles. Quotes did not include a full breakdown of costs including PiCG and PiVG, local dealer discounts and paint/servicing options, which was only made available through local main dealer quotes allowing comparisons of the vehicle's whole life outlay.

Evaluation

- Car

Evaluation was weighted on price, taking into consideration purchase price less estimated residual value after three years. Residual value was obtained from current Cap-HPI value.

- Van – small & mid

Evaluation was weighted on price, taking into consideration purchase price less estimated residual value after five years. Residual value was obtained from current Cap-HPI value.

Evaluation outcome
Final decision on available cars that meet the Council's requirement:

- Kia e-Niro

Final decision Small Panel Vans that meet the Council's requirement:

- Nissan e-NV200 Van

Final decision Mid-Size Panel Vans that meet the Council's requirement

- Vauxhall Vivaro-e

Social Value, Sustainability & VCSE
Social value will be built into the quotes where possible and Procurement will work with suppliers to make sure they follow up on this.

Contract Management
Due to this being a one-off purchase of Goods, there will be no contract in place. The vehicles have a 5-year warranty for vans and 7-year for cars (8 years for battery – both types). Fleet Services will continue to manage the vehicles in accordance to individual service area SLA's and the maintenance schedules outlined/detailed within the Council's FleetCheck system. A Kia 5-year Main Dealer Service option will be purchased as part of the procurement process for the cars.

Implementation of contract/purchase
Purchase Orders will commence on 1st October 2020

OPTIONS CONSIDERED:
Extend the life of the current assets; This existing fleet has been life extended where necessary, in some cases by an additional 5 years in anticipation of suitable EV stock coming to the market, annual maintenance costs are already rising on these vehicles.

Any further delay in replacement will result in further losses in the residual values as they age, and as being Diesel, they are becoming less desirable, and as market sentiment is rapidly shifts away from the ownership of Internal combustion engine vehicles. Many of the vehicles will require significant mechanical repairs over the next 12 months resulting in higher revenue costs, increased repair/maintenance outlay and impacts on service delivery.

Remove the provision altogether; the vehicles that are to be replaced are required to deliver high profile specific statutory services within the council such as the maintenance of street lighting and traffic signals, Waste and recycling services, and highways operations, failure to replace them could result in officers not having access to vehicles with chapter 8 compliant markings and high visibility lighting which are required to work safely in the road network, to assess and repair serious defects. Some of the vehicles are going to revert to team specific pool cars to reflect structural and service delivery changes. At this time, it is not thought that any of the affected vehicles can be removed from the fleet, this will be reviewed again prior to order and replacement

Replace the existing vehicles with suitable Pure Electric vehicles.

Where the service impacts don't suit BEV, a consideration for a suitable Plug-in Hybrid or further extend the use of the existing vehicles on a case by case basis until a suitable vehicle

at an affordable price comes to market. This is thought to be the case with x3 mid-sized panel van's, the fleet will work with those service/teams to trial new vehicles as they come to marketplace with an expected maximum life extension date of 2022. The fleet will continue to maintain a pool of capable emergency vehicles such as the specialist 4x4 vehicles (Sea Front and Highways). We are also able to access very cost-effective hire cars within 2 hours using our CCS vehicle framework for the very rare occasions where a long- range BEV would not be suitable, but this will be rare considering specification range for new vehicles.

FINANCIAL IMPLICATIONS:

Costs
The anticipated capital outlay for these 31 vehicles will be £755,000 (£252,388 offset by sale of existing wholly owned assets and Office for Low Emission Vehicles (OLEV) grants).

Funding
There is a "one off" payment of £20k secured of OLEV grant/funding to be used by the end of this financial year due to other authorities being unable to take full advantage of the OLEV grant during its available timeframe, once an order for 4 vehicles (£5k each vehicle) has been placed this OLEV grant will cease.

The capital investment required for these 30 vehicles will be approx. £755,000, an Revenue Contributions to Capital Outlay (RCCO) from the sale of the existing wholly owned assets of at least £105,419 in year 1 to return to Council Capital and a guarantee of the residual value at year 3 from the fleet revenue budget of £318,283 for the cars and a further residual value recoupment of £62,372 in year 5 for the vans, the balance of £248,904 from prudential borrowing. The net borrowing to £268,926 over 5 years.

LEGAL POWERS AND IMPLICATIONS
N/A

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS
Dramatic reduction of greenhouse gas emissions to assist in the delivery of carbon neutrality by 2030 saving an additional 6 tonnes of CO2 per month in the local area.

CONSULTATION
The relevant departments have been consulted and have trialled the vehicles to ensure they are fit for purpose. The affected area officers have been consulted and remain engaged on the change to EV's specification requirements. Any amendments to recent changed service need has been factored in to the final decision. The council has the supporting infrastructure to deploy these assets and ensure that the vehicles are well utilised.

RISK MANAGEMENT
We have already seen that the failure to replace the assets has resulted in an increase of maintenance costs and reducing asset prices. As well as exposing risk to services not being carried out because of employees not having appropriate vehicles to carry out their duties.

EQUALITY IMPLICATIONS
Have you undertaken an Equality Impact Assessment? Yes

CORPORATE IMPLICATIONS

The council has made a commitment to OLEV to convert its fleet to electric vehicles, and to deliver carbon neutrality by 2030 in line with the North Somerset Council Core Strategy (2017), the Joint Local Transport Plan 4 (2019-2036) and the draft North Somerset Corporate Plan 2019-23, as well as the associated benefits of reducing the environmental impacts of its transport costs, and improving the local air quality, the current fleet and EV charger network are already saving over 6 tonnes of CO2 per month in the local area, thus setting an example of best practice to others in the UK as a whole. The EV's also have the benefit of reducing our revenue and capital spend. EV's are also rewarded with lower BIK rates with a BEV car BIK-rate at 16% for FY 2019/20, reducing to 0% during 2020/21, and then increasing to 1% and 2% for years 2021/22 and 2022/23 respectively along with the Corporate NIC contribution (presently 13.8%) reducing in line with BIK being £0 for 2020/21.

BACKGROUND PAPERS

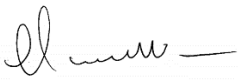
20/21 DE83 Commissioning/Procurement Plan for the replacement of 31 fleet vehicles

SIGNATORIES:

DECISION MAKER(S):

Signed:  Director of Development and Environment

Date: 2 November 2020

Signed:  Head of Strategic Procurement

Date: 9 November 2020