



## Report to Sub Finance Committee

**Author/Lead Officer of Report: Michael Hague  
Service Manager Transport Services**

**Tel: 0114 2037418**

**Report of:** Executive Director, Operational Services  
**Report to:** Finance Sub Committee  
**Date of Decision:** 21<sup>st</sup> February 2023  
**Subject:** Vehicle Replacement Programme Year 4

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? Louise Nunn/Ed Sexton EIA1353				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (<b>report/appendix</b>) is not for publication because it contains exempt information under Paragraph (<b>insert relevant paragraph number</b>) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

### **Purpose of Report:**

To provide an update on the Vehicle Replacement Programme, 2019 to 2025.

The report provides an update on the delivery of the programme to date and the proposals for year 4 of the vehicle replacement programme.

This report seeks approval for the commission of 105 vehicles/mechanical plant equipment, with an estimated value of £2.7m, to replace 105 financially unsustainable and operationally inefficient vehicles/mechanical plant equipment in line with Year 4 of the agreed vehicle replacement programme.

**Recommendations:**

The Finance Sub Committee is recommended to:

- approve the commission of 105 vehicles/mechanical plant equipment, with an estimated value of £2.7m, to replace 105 older polluting financially unsustainable and operationally inefficient vehicles/mechanical plant equipment in line with Year 4 of the agreed vehicle replacement programme.

**Background Papers:****‘Our Sheffield’ – Delivery Plan: 2022/23**

<https://www.sheffield.gov.uk/your-city-council/corporate-delivery-plan>

<b>Lead Officer to complete:-</b>	
1	<p>I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</p> <p>Finance: <i>Kerry Darlow</i></p> <p>Legal: Richard Marik</p> <p>Equalities &amp; Consultation: <i>Louise Nunn</i></p> <p>Climate: Jessica Rick</p>
	<p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>
2	<p><b>SLB member who approved submission:</b> <i>Ajman Ali</i></p>
3	<p><b>Committee Chair consulted:</b> <i>Cllr Bryan Lodge</i></p>
4	<p>I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.</p>
	<p><b>Lead Officer Name:</b> <i>Michael Hague</i></p> <p><b>Job Title:</b> <i>Service Manager Transport Services</i></p>

## 1. PROPOSAL

- 1.1 It is proposed that the Council commission 105 vehicles/mechanical plant equipment, with an estimated value of £2.7m, to replace 105 older polluting, financially unsustainable and operationally inefficient vehicles/mechanical plant equipment in line with Year 4 of the agreed vehicle replacement programme.
- 1.2 Transport services is the provider of vehicles and mechanical plant for Sheffield City Council services, schools, and some academies.
- 1.3 In January 2019 Transport Services developed a fleet replacement strategy which set out the anticipated fleet requirements and parameters for replacement. This was agreed by the then Deputy Leader and Cabinet Member for Finance and by the Executive Director of Resources on the 14<sup>th</sup> of January 2019.
- 1.4 The Council's vehicle replacement programme had been on hold until 2019/20 due to previous austerity measures. The hiatus in replacing vehicles meant that the Council's fleet contained many old and inefficient vehicles that were costly to maintain. The older inefficient vehicles that are still in use are spending significantly longer amounts of time being repaired, leading to a sharp rise in both maintenance and short-term hire costs.
- 1.5 The vehicle replacement programme began in 2019. To date 476 vehicles/plant have been replaced, reducing CO2 emissions by 42,000 tonnes and NOx by 37,000 tonnes. The replacement programme aims to ensure that the fleet is Clean Air Zone compliant, to reduce emissions, and to introduce ULEV (Ultra Low Emission Vehicle) vehicles where possible. When deciding on a replacement type, Transport Services assess the replacement on the basis of the following hierarchy:
- a) Is there a Ultra Low Emission Vehicle (ULEV) option available?
  - b) Can the vehicle be charged?
  - c) If not, is there a petrol /hybrid option?
  - d) If not the latest Euro 6.2 diesel was/is purchased.
- 1.6 The table below summarises the number of vehicles and plant replaced in each year of the programme to date:

<b>Year</b>	<b>Plant</b>	<b>Road Vehicles</b>	<b>Electric Vehicles</b>	<b>Total Expenditure</b>
2019/20	38 (includes 2 x Electric 'Gators')	160	6 x Vans 12 x Cars	£4,888,776
2020/21	27	106	1 x Van 5 x Cars	£3,194,352
2021/22	9	103	8 x Vans 1 Car	£3,453,499

- 1.7 Alternatively fuelled vehicles, such as electric/hybrid, have replaced internal combustion engines in years 1, 2 and 3 where the new vehicle has been deemed fit for purpose, and an adequate charging infrastructure was in place. If an alternative vehicle is not fit for purpose the cleanest petrol or diesel vehicle will be purchased.
- 1.8 Over the last three years small vans and cars have been replaced with electric alternatives wherever possible. A number of service areas such as Parking Services and Home Care Services have had a high percentage of electric vans/cars integrated into their fleet, based at their respective depots, with 8 and 9 vehicles respectively.
- 1.9 There are however still considerable constraints on the ability of Transport Services to move wholly to electric vehicles across all services. In a number of areas, for example Home Care Services, the level of 24-hour vehicle usage means that electric alternatives are not currently viable. The market for larger and/or specialist build vehicles such as caged tippers and wheelchair accessible vehicles is still maturing. The significantly higher purchase costs for these types of vehicles means that this option is currently not financially viable.
- 1.10 Charging capacity is another key constraint on the Council's ability to move wholly to electric vehicles. The Council does have charging capacity at a number of depots. To date charging facilities have been installed at the following 7 depots:
- Staniforth Road - 16 Chargers
  - Manor Lane - 8 Chargers
  - Moorfoot - 12 Chargers
  - Station Road - 4 Chargers
  - Manor Neighbourhood Centre - 3 Chargers
  - Tinsley - 1 Charger
  - Central Libraries - 1 Charger
- 1.11 Full capacity has now been reached at the larger depots. To enable us to install significantly more chargers there an upgrade to the supply would be required and, in some cases, a new substation would need to be

installed. Whilst work to understand these requirements has already been undertaken as part of the initial scoping for the Council's review of depots, the Council will consider these requirements as part of the ongoing work through the Accommodation Strategic Review that was presented to Finance Sub-Committee on 7<sup>th</sup> November 2022. In particular as part of the development of business cases for the next stages of the rationalisation of the Council's depots.

- 1.12 Finally, many services use vehicles that are not parked at Council offices or depots. In order to facilitate additional electric vehicles, the Council therefore needs to develop its policy and approach to home charging of Council vehicles. The lack of availability of home charging and constraints in terms of off-street parking, means that this is also currently a barrier to further expansion of electric fleet options.
- 1.13 Given the above, the current strategy, to replace vehicles and/or plant year on year allows the Council to evaluate and identify any suitable alternatively fuelled vehicles that would fit with service needs and to take advantage of the continuously maturing market for these types of vehicles.
- 1.14 Work with Services has been completed to identify the vehicles and/or plant that need to be replaced in year 4 (22/23) of the vehicle replacement programme. The table below shows the proposed vehicles and plant for purchase in 2023. It consists of 96 road vehicles and 9 items of plant to the value of £2.7m.

No. OF VEHICLES	VEHICLE TO BE REPLACED (TYPE)	NEW REPLACEMENT TYPE	New fuel type	Est Cost (£000s, Oct 22)
3	TRANSIT	17 SEAT MINIBUS	EURO 6 DIESEL	93
11	CITROEN 3.5 TONNE TIPPER	CITROEN RELAY 'PICKUP TIPPER CAGED T/L	EURO 6 DIESEL	446
37	FORD	TRANSIT CUSTOM	EURO 6 DIESEL	716
1	FORD HIGH ROOF VAN	CITROEN HIGH ROOF VAN	EURO 6 DIESEL	25
3	LUTON	LOW FLOOR LUTON TAIL LIFT	EURO 6 DIESEL	109
1	FORD TRANSIT TIPPER	SINGLE CAB HIGH CAGE TIPPER	EURO 6 DIESEL	41
4	TREKA WHEELCHAIR ACCESS BUS	TREKA WHEELCHAIR ACCESS BUS	EURO 6 DIESEL	320
4	SMALL VAN	MULTISPACE VAN	EURO 6 PETROL	52
9	SMALL VAN	FORD COURIER	EURO 6 PETROL	110
6	CAR	CAR	HYBRID /PETROL	139
11	CAR	CAR	ELECTRIC	254
1	PEDESTRIAN MOWER	TORO 36 INCH ROTARY MOWER	LATEST PLANT EMISSIONS	7
1	PEDESTRIAN MOWER	TORRO 48 " BANKS	LATEST PLANT EMISSIONS	8
2	TORO LT3340	TORRO LF3000	LATEST PLANT EMISSIONS	97
5	3320	TORRO LT3040	LATEST PLANT EMISSIONS	225
6	EXTRA	Toyota Aygo	EURO 6 PETROL	71
<b>TOTAL (105 vehicles and plant)</b>				<b>2,713</b>

1.15 The purpose of this report is to seek approval for the commissioning of 105 vehicles and plant using a combination of four identified public sector frameworks which are fully compliant with the public contract regulations 2015. Contracts will be awarded following via further competition and/or direct award:

- CCS's Vehicle Purchase Framework:
- TTPL's Hertfordshire County Council Purchase Framework:
- TTPL's Bath & North East Somerset Council Bus & Coach Procurement Framework:

- NEPO (in partnership with TTPL) Grounds Maintenance & Plant Equipment Framework:

1.16 The estimated value of the commission is £2.7m.

## **2. HOW DOES THIS DECISION CONTRIBUTE ?**

2.1 Investment in new vehicles and/or plant will contribute to the councils 10-point plan for climate action and to the move to net zero carbon by 2030. A climate impact assessment has been undertaken to support this proposal.

2.2 The replacement of vehicles and plant will contribute to the Council's Public Health objectives and to improving the health of the people in the city through lower emissions from the Council's fleet. Replacing the above vehicles will ensure they are eligible to travel in and out of the city's Clean Air Zone without incurring charges. To date the Council still has 83 non-compliant CAZ vehicles, equating to 9% of the fleet, all of which are due to be replaced in this year's programme.

## **3. HAS THERE BEEN ANY CONSULTATION?**

3.1 The overarching vehicle replacement programme, spread over 6 years, was agreed by the then Deputy Leader and Cabinet Member for Finance and by the Executive Director of Resources on the 14<sup>th</sup> of January 2019.

3.2 The replacement programme is reviewed each year, in consultation with services, to consider the changing requirements of services, emerging technologies, and the Council's strategic objectives.

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### 4.1 Equality Implications

4.1.1 The proposals identified within this report are expected to have positive impacts in terms of equality as investments in newer, cleaner vehicles/plant will benefit all of the city's residents and visitors. An equality impact assessment has been completed.

### 4.2 Financial Implications

4.2.1 The increased cost of replacing vehicles via prudential borrowing is resulting in pressures in service revenue budgets on an ongoing basis. The additional cost of the year 4 replacement programme is £527K (General Fund £278K, RMS £250K). Provision has been made in the 2023/24 Business Planning process to increase budgets in some services to cover the cost pressures. This is subject to Full Council approval in March 2023. However other services are planning to mitigate the increased cost with savings and efficiencies, which will result in overspends if not achieved.

4.2.2 The Council may need to continue to increase revenue budgets on an annual basis to fund the borrowing costs for the Fleet replacement programme unless alternative sources of funding can be secured. This cost could be significant if the Council prioritises investment in electric vehicles to meet its commitment to achieve Net Zero by 2030.

#### 4.3 Commercial Implications

4.3.1 The Council will utilise public sector vehicle purchase frameworks to procure the above vehicles.

4.3.2 Use of the public sector vehicle purchase frameworks offer competitive discounts against market rate prices. Frameworks offering online fleet portals provide real time quotations allowing the customer to compare options and whole life costs. As the frameworks are fully compliant with public procurement regulations it reduces the procurement risk and bureaucracy for the council.

4.3.3 Use of the public sector frameworks for purchasing vehicles will ensure the Council complies with the Public Contracts Regulations 2015. Furthermore, any procurement and contract awards will be undertaken in accordance with all relevant provisions of the Council's Constitution including its Contracts Standing Orders. Pre-defined terms and conditions have been established on all the frameworks and therefore will apply to all call off contracts.

4.3.4 Vehicles and plant items will be purchased through the following frameworks:

- i. Passenger cars (23) and light commercial vans (51) - CCS's Vehicle Purchase Framework.
- ii. Commercial vehicles including pick-ups (15) - TTPL's Hertfordshire County Council Purchase Framework.
- iii. Minibuses (7) - TTPL's Bath & Northeast Somerset Council Bus & Coach Procurement Framework.
- iv. Plant and machinery including mowers (9) - NEPO (in partnership with TTPL) Grounds Maintenance & Plant Equipment Framework.

#### 4.4 Legal Implications

4.4.1 Vehicles and mechanical plant equipment are used by the Council to meet a variety of duties and exercise a variety of powers.

The Council has a duty to provide safe vehicles and equipment to its employees (and to ensure that such vehicles are safe in relation to the public) under the Health and Safety at Work etc Act 1974.



The Council has a duty to develop and implement policies which will create a safe, efficient, integrated, and economic transport system that meets the needs of persons living or working within the city under the Transport Act 2000.

The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under the Local Government Act 1999.

These arrangements are permitted by the Local Government (Contracts) Act 1997 and should ensure the Council can meet their statutory duties.

#### 4.5 Climate Implications

- 4.5.1 The proposal will have positive climate implications, replacing older inefficient vehicles and/or plant will improve the carbon output, replacing traditional internal combustion engine vehicles with greener, cleaner ultra-low emission vehicles (ULEV) where possible, and will align with the Council's 10-point Climate Action Plan. A Climate Impact Assessment has been completed.

#### 4.6 Other Implications

- 4.6.1 There are no other implications of this report.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Option 1 - Do nothing.

This is not a realistic option as our vehicles have become financially unsustainable, operationally inefficient, and no longer align to our strategic objectives in terms of the environment and lower emissions.

- 5.2 Option 2 – Lease vehicles.

There is a potential option to lease new vehicles as replacements for the older vehicles within the fleet.

This option is not financially viable in comparison to outright purchase options due to the Council having access to Prudential Borrowing; and the council retaining the residual value of the vehicle on completion of the loan period.

- 5.3 Option 3 - Purchase all zero emission and low carbon vehicles.

Currently, the Council does not have the charging infrastructure required at the depots, no home charging infrastructure to charge, these vehicles. Furthermore, soft market testing highlights that these vehicles are 3 to 4 times more costly than the low emission vehicles.

## **6. REASONS FOR RECOMMENDATIONS**

### **6.1 Option 4 Purchase New Vehicles.**

Continue to purchase new greener vehicles as replacements for the older vehicles within the fleet using the Prudential Borrowing finance model. Purchasing new vehicles will significantly reduce high levels of vehicle exhaust emissions in line with SCC's target of zero carbon by 2030.