

STROUD DISTRICT COUNCIL
COUNCIL

18 JULY 2019

AGENDA
ITEM NO

8bii

Strategy and Resources Committee, 13 June 2019 – Agenda Item 9

Report Title	COMMUNITY SERVICES VEHICLE REPLACEMENT
Purpose of Report	To Approve a Capital Budget for replacement of the Community Services Fleet
Decision(s)	The Committee RESOLVES to: (1) RECOMMEND to Council that a Capital Budget of £257k is approved, funded from the Business Rates Reserve, to purchase a new low carbon fleet. (2) DELEGATE to the Head of Community Services, in consultation with the Head of Finance and the Chair of Environment Committee, the authority to determine the final number of charging points required and their location.
Financial Implications and Risk Assessment	<p>This report commits £257k of Business Rates Pilot funding. The remaining balance of this funding is now £486k (this figure will be updated before S&R based upon the business rates year end across the County).</p> <p>This project meets the requirements of that funding as agreed by this Committee in March 2019.</p> <p>The Council has not previously built up a budget for fleet replacement. Without this purchase of a green fleet a budget for purchase of conventional vehicles would be considered for the Capital Programme.</p> <p>Any financial savings generated by the new fleet will be placed in reserve for future fleet purchases. The overall need for fleet replacement will be considered as part of the next budget setting process.</p> <p>The provision of charging points for public use may generate a small income stream which will be monitored and incorporated in the MTFP if appropriate.</p> <p>Andrew Cummings – Head of Finance & S151 Officer Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk</p>

Legal Implications	There are no specific legal implications arising from this report. Patrick Arran – Interim Head of Legal Services / Monitoring Officer Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk
Report Author	Mike Hammond Tel: 01453 754447 Email: mike.hammond@stroud.gov.uk
Options	The existing fleet could be retained but this is likely to lead to increasing repairs costs, increasing carbon emissions and the possibility of service reductions if vehicles are off the road. A conventional fleet of petrol and diesel vehicles could be purchased. This may lead to small initial capital savings but may not deliver whole life savings and is not in line with the Councils' Carbon Reduction commitments.
Performance Management Follow Up	Financial Monitoring Reports Fleet Carbon Emissions Monitoring
Background Papers/ Appendices	SDC Capital Strategy

1. INTRODUCTION / BACKGROUND

- 1.1 Community Services have had their own vehicles since the start of the neighbourhood warden service, these vehicles were funded via a grant from Government Office South West and the Council. These vehicles have served us well however they are starting to become costly to maintain and repair due to their age.
- 1.2 These vehicles will be used to provide frontline services, this will include Careline, Multi services team, the council's mail room service, youth delivery, emergency planning and enforcement of car parks.
- 1.3 As the initial purchase of the vehicles was by grant there has been no money set aside in the Council's revenue and capital budget for the replacement of the current fleet. Therefore a new budget must be identified in order for the vehicles to be replaced and the service to continue.
- 1.4 The Council will receive additional funding from the 100% Business Rates Retention Pilot. This gain is currently estimated at £793k. In March 2019 Strategy and Resources Committee agreed the principles for the allocation of that funding. All uses of the money must be approved by that Committee and meet at least of the following criteria.
- Supporting local businesses
 - Improving the Council's long-term financial position

- Local Wealth Building
- Supporting a carbon-neutral district
- Reducing inequality and poverty

2. ISSUES FOR CONSIDERATION

- 2.1 The current fleet achieves an average of 30 mpg (the worst performing vehicle achieves an average of 23 mpg), with 50% being diesel powered. The vehicles that are used are also looking tired and not as reliable as they should be.
- 2.2 In order to continue delivering the frontline services as detailed in paragraph 1.2 the current vehicles will need to be replaced within the next 12 months to prevent increased repair and maintenance costs which are uneconomical compared to the residual value of the vehicles. There is currently no budget identified for this expenditure.
- 2.3 Table 1 below sets out the costs incurred in keeping the existing fleet on the road (2018/19 part year figures). Fuel is a significant cost which would be reduced with a fleet of newer and more energy efficient vehicles. There will also be savings on Road Tax and initial savings on repairs and servicing, although these costs will increase as the new fleet ages over time.
- 2.4 The final savings figure is difficult to determine at this stage but is likely to be in excess of £5k per annum. Any savings against existing budgets will be placed into a reserve to partially fund the cost of fleet replacement in future years.

Table 1 – Costs of Existing Fleet

	2016/2017	2017/2018	2018/2019 (part year)
Repairs	£2,261.58	£2,013.55	£2,300.74
Servicing/MOT	£2,009.51	£1,390.01	£1,810.60
Tyres	£772.58	£718.31	£493.49
Road Tax	£2,179.00	£1,302.60	£1,451.85
Consumables	£61.27	£322.77	£168.00
Roadside Recovery	£575.00	£774.41	£646.00
Petrol	£3,394.77	£2,640.13	£1,881.10
Diesel	£3,271.79	£3,517.54	£4,170.00
Fuel costs total	£6,666.56	£6,157.67	£6,051.10

Total Costs	£14,525.50	£12,679.32	£12,921.78
--------------------	-------------------	-------------------	-------------------

Table 2 – Estimated costs for electric/hybrid vehicles

	Electric (x6)	Hybrid (x4)	Combined fleet
Repairs			
Servicing / MOT (No MOT for 3 years)	£1,728.00	£0 included in purchase price for 3 years	£1,728.00
Tyres	£360.00	£240.00	£600.00
Road Tax	0	£120.00	£120.00
Consumables	£50.00	£50.00	£100.00
Roadside Recovery	£387.00	£259.00	£646.00
Petrol	£0	£2,064.00	£2,064.00
Diesel	£0	£0	£0
Electric	£1,927.20	£432.00	£2,359.20
Fuel costs total	£1,927.20	£2,496.00	£4,423.20

Total Costs	£4,452.20	£3,165.00	£7,617.20
--------------------	------------------	------------------	------------------

Based on 60 miles average per day

- 2.5 The table below shows the total amount of carbon emissions for current fleet within Community Services and the pool cars within Planning. There has been a reduction in emissions in the past two years. This is as a result of the reduction in the number of staff within Community Services who have been using the current fleet, the reduction can also be attributed to the withdrawal of pool cars from Planning following a review. The number of staff who will be required to use a vehicle within Community Services is due to increase as a result of a successful recruitment process, filling vacant posts.

Table 3 – Fleet Carbon Emissions

Scope 1 Emissions	Tonnes of CO_{2e} 2017/18	Tonnes of CO_{2e} 2016/17	Tonnes of CO_{2e} 2015/16	Tonnes of CO_{2e} 2014/15
Owned Transport emissions (Fleet)	24	32	36	36

- 2.6 It is recommended that the fleet is replaced with a new fleet of electric and plug-in hybrid vehicles. These vehicles will reflect the current configuration of the service and the needs of users. The proposed new fleet is set out in the table below.

Table 4 – Makeup of New Fleet and Estimated Prices

Vehicle	Engine Type	gCO2 / Km	Quantity	Estimated Price	Total Price
RX1 Outlander PHEV Juro Auto	Petrol/ Electric	171	3	£25,359	£76,079
VX1 Outlander PHEV Commercial Auto	Petrol/ Electric	171	1	£24,875	£24,875
Nissan e-NV 200	Electric	0	6	£22,000	£132,000
			10		£232,954

- 2.7 The proposal to move to electric/hybrid vehicles will contribute to the target of reducing carbon dioxide emissions from the council's direct operations (electricity, heating and transport) by a minimum of 3% per annum (taken from our Environment Strategy 2007 - 2027). On the 24 January 2019 Council passed a motion to endorse the 'Climate Emergency' announced by the administration on 16 November 2018 and pledge to do everything within the Council's power to make Stroud District carbon neutral by 2030 and the replacement of an ageing fleet entirely powered by fossil fuels with a modern fleet significantly powered by electricity would be a significant carbon reduction.
- 2.8 The Authority uses green electricity in its buildings. Therefore the charging of electric vehicles from Council properties will also be carbon neutral
- 2.9 Charging points will need to be installed across the District to facilitate the use of the vehicles. It is currently estimated that 10 charging points will be required to allow appropriate charging capacity for the services.
- 2.10 Charging points can either be standard charging points which allow for the charging of vehicles overnight or faster charging points allow for a quicker charge. The estimated price of the standard points is £1,000 each and £5,000 for the faster charge points. These costs exclude any necessary civil engineering works for installation. This is estimated at £4,000. The total estimated amount included in the budget related to charging points is £24,000.

Table 5 - Estimated costs for vehicle charging points

Charging points	Quantity	Estimated Price each	Estimated Civil works total	Total Price
Standard Single	10	£1,000	£3,000	£13,000
Fast Charge Twin	2	£5,000	£1,000	£11,000
				£24,000

- 2.11 It is envisaged that for the majority of Council usage standard charging points will be sufficient. However, in some locations the charging points will be available for public use during the day and in these locations faster charging points will be provided. This will be a chargeable service with charges to be set in line with industry averages. Income generated from charging will be used towards maintenance of the charging points and any surplus will be added to the reserve for fleet replacement. There is a government grant available that will offset some of the costs associated with the installation of charging points. However, it should be noted that at the time of writing this report no application has been submitted, if the proposal is accepted an application will be pursued.
- 2.12 The Business Rates Pilot reserve has been identified as the source of funding for this project. The expenditure meets the criteria of both improving the financial sustainability of the Council, through reducing costs of fuel and repairs, and working towards a carbon-neutral district.
- 2.13 Charging points across the district had previously been proposed to be funded from car parking receipts. The budgeted level of receipts does not allow for the provision of points across the whole district and business rate pilot funds will be limited in their use through this proposal to those which are required by this Council fleet.
- 2.14 The final proposed budget is therefore made up of the following amounts.

Table 4 – Proposed Capital budget

Purchase of vehicles	£232,954
Charging Points (including Civils)	£24,000
Total	£256,954

3. CONCLUSION / RECOMMENDATION

- 3.1 To approve the procurement of replacement fleet vehicles to be used within Community Services. This expenditure would also allow for the fitting of charging points some of which would be accessible for public use, which will create an additional income stream. As this is an emerging need the potential income generated is difficult to ascertain, however this should increase as electric/hybrid vehicles become more popular.