Agenda Item No 9

Community and Environment Board

5 February 2025

Report of the Director - Streetscape

Replacement Vehicles – Capital Programme 2024/25

1 Summary

1.1 This report provides an update to Members on the proposed changes to the capital programme to reflect the revised vehicle replacement costs.

Recommendation to the Board

a The Board supports the revised Vehicle Replacement Capital programme;

b The Board recommends to Executive Board that a capital funding provision of an additional £871,380 goes into the general fund capital budget and £286,000 goes into the HRA capital budget to fund the replacement of new vehicles from 2025/26 to 2027/28;

c The Board approves the recommended switch to electric vehicles for all of the fleet under 7.5 tonnes;

d The Board approves a one off capital growth bid for £57,000 for the installation of EV charging points at Sheepy Road Depot and the Council House; and

e The Board approves a one-off capital bid of £45,000 for the purchase of a new fleet transport system as set out in the Audit report to Resources Board in September 2024.

2 Background

2.1 The vehicle market has faced significant challenges over the past 5 years. Brexit, Covid19 and the shortage of computer chips has seen the price of vehicles increase by over 30%. The current vehicle replacement programme was set in previous years with an annual inflation rise of between 1 to 3%, this has resulted in a significant shortfall in the current capital budget. Over the next 8 years there is a projected shortfall of £4,749,580, which in £667,000 Housing Revenue Account and £4,082,580 General Fund.

2.2 An adjustment to the capital funding for the vehicle replacement programme is now required to enable the council to continue to manage and operate its fleet within a revised financial profile. All fleet requirements have been reviewed to ensure that the life expectancy of the current vehicle fleet is maximised.

2.3 The report has also explored the financial viability of moving the lighter fleet vehicles to electric to save cost. A full business case is set out in this report. This will also help to deliver the net zero targets that the council has approved by 2030.

3 Report Implications

3.1 Finance and Value for Money Implications

3.1.1 The table below details the budgets and revised costs of the proposed vehicle replacements. The figures in this table include the additional funding required to purchase electric vehicles up to 7.5t.

GENERAL FUND

Year of Replacement	Current Capital Budget £	Revised Costs £	Additional Capital Required £
2024/25	1,209,050	1,182 100	(26,950)
2025/26	8,370	502,880	494,510
2026/27	104,480	142,620	38,140
2027/28	847,720	1,186,450	338,730
2028/29	266,840	436,400	169,560
2029/30	1,794,730	3,349,820	1,555,090
2030/31	637,770	1,329,900	692,130
2031/32	507,920	1,311,380	803,460
2032/33	35,810	53,720	17,910
Total	5,412,690	9,495,270	4,082,580

HOUSING REVENUE ACCOUNT

Year of Replacement	Current Capital Budget £	Revised Costs £	Additional Capital Required £
2024/25	0	0	0
2025/26	0	286,000	286,000
2026/27	0	0	0
2027/28	477,000	477,000	0
2028/29	0	0	0
2029/30	0	0	0
2030/31	635,000	1,016,000	381,000

2031/32	0	0	0
2032/33	0	0	0
Total	1,112,000	1,779,000	667,000

3.1.2 The additional capital repayments required in order to purchase electric vehicles can be offset by extending the capital repayments from 7 years to 10 years. Electric vehicles are designed with a longer life expectancy than petrol or diesel equivalents. A 10-year life expectancy should be easily achievable.

3.1.3 The tables below set out a detailed cost comparison of purchasing electric vehicles including the likely savings. This is based on current diesel/electric prices, including a £5,000 government grant per vehicle.

EV Savings

3.5 T Tipper

	Annual costs per vehicle	Number of vehicles	Total Annual Costs	Annual Savings per vehicle	Total Annual Savings per vehicle
Vehicle Life Expectancy	7,214	4	28,856	657	2,628
Fuel savings	342	4	1,369	2497	9,988
Maintenance savings	400	4	1,600	400	1,600
Total revenue savings from running 4 electric vehicles			31,825		14,216

Large Van

	Annual costs per vehicle	Number of vehicles	Total Annual Costs	Annual Savings per vehicle	Total Annual Savings per vehicle
Vehicle Life Expectancy	5,460	15	81,900	-716	-10740
Fuel savings	342	15	5132	1361	20,420
Maintenance savings	400	15	6,000	400	6,000

Total revenue savings from running 15 electric vehicles			93,032		15,680

Small Van

	Annual costs per vehicle	Number of vehicles	Total Annual Costs	Annual Savings per vehicle	Total Annual Savings per vehicle
Vehicle Life Expectancy	2,928	15	43,920	854	12,810
Fuel savings	182	15	2,730	962	14,430
Maintenance savings	300	15	4,500	300	4,500
Total revenue savings from running 15 electric vehicles			51,150		31,740

Total Savings	Based on a full year
3.5 T Tipper	£14,216
Large van	£15,680
Small Van	£31,740
	£61,637

Charging points

3.1.4 To enable us to commence the transition to electric vehicles there would be a need to install vehicle charging points at Sheepy Road Depot and the Council House.

3.1.5 The following chart provides a breakdown of costs for the installation of electric charging points at Sheepy Road Depot and the Council House.

	Sheepy Road Depot	Council House Car Park
Ground works	£8,000	£7,000
Installation	£17,300 – £21,000	£17,300 – £21,000
Total costs	£25,300 – £29,000	£26,300 - £28,000

3.1.6 To install EV charging points at both Sheepy Road and the Council House we require approximately £57,000 of capital funding.

3.1.7 The savings from switching to electric vehicles set out in Section 3.1 above equate to £61,637 per annum.

3.1.8 The return on investment will see the infrastructure investment paid back in Year 3 of the programme.

3.1.9 Whilst the capital cost of the overall fleet programme will rise, the switch to electric vehicles for the lighter fleet will minimise increased costs and deliver ongoing annual revenue savings of £61,637 per annum, £184,911 over 3 years, £308,185 over 5 years or £616,370 over 10 years.

3.1.10 It is anticipated that approximately £7,890 of electric vehicle savings will be generated in Year 1, with £33,650 of savings in year 2 and building to a full saving of £61,637 from year 3 onwards. The revenue savings are for GF and HRA.

3.2 Risk Management Implications

3.2.1 An increase in capital funding is required to enable the renewal of the council's fleet of vehicles. If this capital adjustment is not made it will not be possible to replace vehicles as per the current replacement programme, this will have an impact on service delivery and will jeopardise the reliability of frontline services.

3.2.2 The proposed replacement programme still includes for the provision for 10 diesel vehicles for the housing service. This is due to the housing department allowing their staff to take their vehicles home with them at night.

3.2.3 It should be noted that most vehicle manufacturers are offering an 8-year EV battery guarantee as standard, this significantly reduces the whole life risk. However, the procurement of electric vehicles may present an increased financial risk to the council due to the unknown element of the battery life and the long-term reliability of this emerging technology.

3.2.4 The introduction of electric vehicles for our smaller fleet is currently the only way we can achieve net zero by 2030.

3.2.5 A sustainable and reliable alternative to fossil fuels has yet to emerge for the larger vehicles over 7.5 tonnes within the fleet. We will keep a watching brief on how we can transition to electric HGV's for the future.

3.2.6 The above calculations are based on current fuel and electric prices; savings may vary depending on market fluctuations.

Health and Safety Waste and Transport Audit Recommendations

3.2.7 Audit undertook a full review of health and safety management in the Waste and transport team and delivered a series of recommendations which were presented back to Resources board last September.

3.2.8 Appendix A is an extract from the report where a new fleet management system is recommended for implementation subject to the funding being made available.

3.2.9 Whilst the service is currently operated using a manual based system, the need for a digital solution is imperative. The board is being asked to agree to a one-off growth bid of £45,000 to implement the new system as soon as practicable to ensure the on-going effective management of health and safety across the council's fleet.

3.3 **Environment and Sustainability Implications**

3.3.1 The current Euro 7 engines vehicles over 7.5T currently comply with the European regulations for reduced emissions.

3.3.2 The previous assessment of the council's carbon footprint put fleet emissions as the greatest source of emissions, contributing around 39% of the entire carbon footprint. If the council is to achieve our Net-Zero target we will need to reduce emissions across the board, including the fleet, please refer to the slides in Appendix B.

3.3.3 This council has pledged to achieve net zero carbon emissions by 2030. To assist with this is by the transition to cleaner vehicles. Electric vehicles are currently the only available alternative on the market for 7.5t vehicles and below. The purchase of electric vehicles will start the council's transition to cleaner fuels and achieving net zero.

3.4 **Legal Implications**

3.4.1 As members will be aware, the Council has a legal obligation to make standing orders in relation to contracts and to comply with the procurement rules in the Public Contract Regulations 2015. There are also rules in the Local Government Act 1988 which set out what factors may and may not be considered in making decisions regarding the award of contracts. In summary these require the Council to operate fair, transparent processes and obtain value for money when purchasing goods and services.

3.4.2 The Public Services (Social Value) Act 2012 imposes certain duties on local authorities when procuring goods and services to consider how the proposed procurement might improve the economic, social and environmental wellbeing of their area. Accordingly, whilst it must be considered together with and balanced against all other relevant factors in deciding whether to approve the additional estimate for purchase of the vehicles concerned, the Council may take account of the environmental benefits of procuring vehicles which assist in meeting its net zero target.

4 Conclusion

4.1 The vehicle replacement programme has been reprofiled and costed due to the significant price changes in the market over the last three years. Replacement vehicles are essential for frontline service delivery and to comply with transport regulations.

4.2 The paper sets out the business case for the transition to electric vehicles for the light fleet under 7.5 tonnes in weight. The transition to cleaner fuels for the larger fleet will be kept under review.

4.3 The board is asked to agree a one-off capital growth bid of £57,000 To enable the infrastructure works at Sheepy Road and the Council offices.

4.4 The board is asked to agree a one-off capital growth bid of £45,000 to purchase a fleet management system as set out in the Waste and Transport Fleet Audit in 2023

The Contact Officer for this report is Rob Bellamy

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date

North Warwickshire Borough Council – Audit Progress Report

Job Name	Health & Safety - Waste & Transport Audit	Original Action Date	30/06/2024
Risk Rating	Moderate Risk	Revised Action Date	31/03/2025
Recommendation Number	8	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
The Assistant Manager – Transport currently uses a yearly paper wallchart, held in the Council's Vehicle Workshop (Garage) to keep a schedule of six weekly periodic planned safety inspection for the Waste Services HGV / LGV vehicles. This is not a secure method of storing information as there is a risk that the paper wall-planner could be easily damaged/destroyed, and all the information lost.	To consider introducing an electronic spreadsheet to record the schedule for planned preventative maintenance / periodic safety inspections of the Council's Waste Services - HGVs / LGVs and other fleet vehicles to complement or replace the manual wall-planner currently used by the Assistant Manager Transport in the Vehicle Workshop. The spreadsheet could then be saved either onto TRIM, or other 'electronic document storage and retrieval system', introduced through the assistance of the [Head of Corporate Services. In this way, it will be possible to maintain a permanent management / audit trail of scheduled planned periodic safety inspections of the Waste Services vehicles, including a field on the spreadsheet to record: • the date each vehicle has been safety inspected / serviced, • notes of any Vehicle Workshop observations about any vehicle / safety-critical equipment faults identified and remedial action taken to resolve these. This should serve to electronically preserve the vehicle maintenance record-keeping of Waste Services vehicles, necessary to ensure compliance with Operator 'O' Licence requirements and also DVSA requirements. Ideally, the 'electronic document storage and retrieval system' should also be linked to the Council's routine systems back-up arrangements / servers to help protect against human error, hardware failure, virus attacks and power failure and to preserve the permanent management / audit trail of such records. (The advice of the Head of Corporate Services should be sought in this regard).	As per the audit recommendation. The new Interim Head of Streetscape will aim to replace the manual wall-planner currently used by the Assistant Manager Transport in the Vehicle Workshop with an electronic spreadsheet, if it transpires that introducing a 'Transport Compliance – Vehicle Management System' is not feasible. The advice of the Head of Corporate Services as to adequate back-up arrangements for any electronic system / solution introduced will be sought as part of any implementation.	We do not have the resources to scan fleet vehicle maintenance documents. So, a request has been put forward as part of the Streetscape Services Plan 2024/25 for a new Transport System' with an incorporated fleet vehicle 'maintenance module'. This is therefore a delayed action for future implementation subject to funding for a new Transport system being made available

North Warwickshire Net-zero Developments 2024

Rob Snape

Climate Action Plan

Following a public consultation that closed on 24th July 2022 the Council produced a Climate Action Plan.

In the plan we've set targets to work with our communities, partners, local businesses, and other key stakeholders to work together to stop the release of greenhouse gas emissions in North Warwickshire.

By achieving these targets, we will ensure all our processes, buildings and services are Net-Zero carbon by 2030. The Climate Action Plan considers the main services provided by the Council and separates theses into 7 focus areas. Each focus area has its own challenges and opportunities and the Council is committed to working across each area to reduce emissions, achieve net-zero emissions and minimise the risks of climate change on the community and the Council.

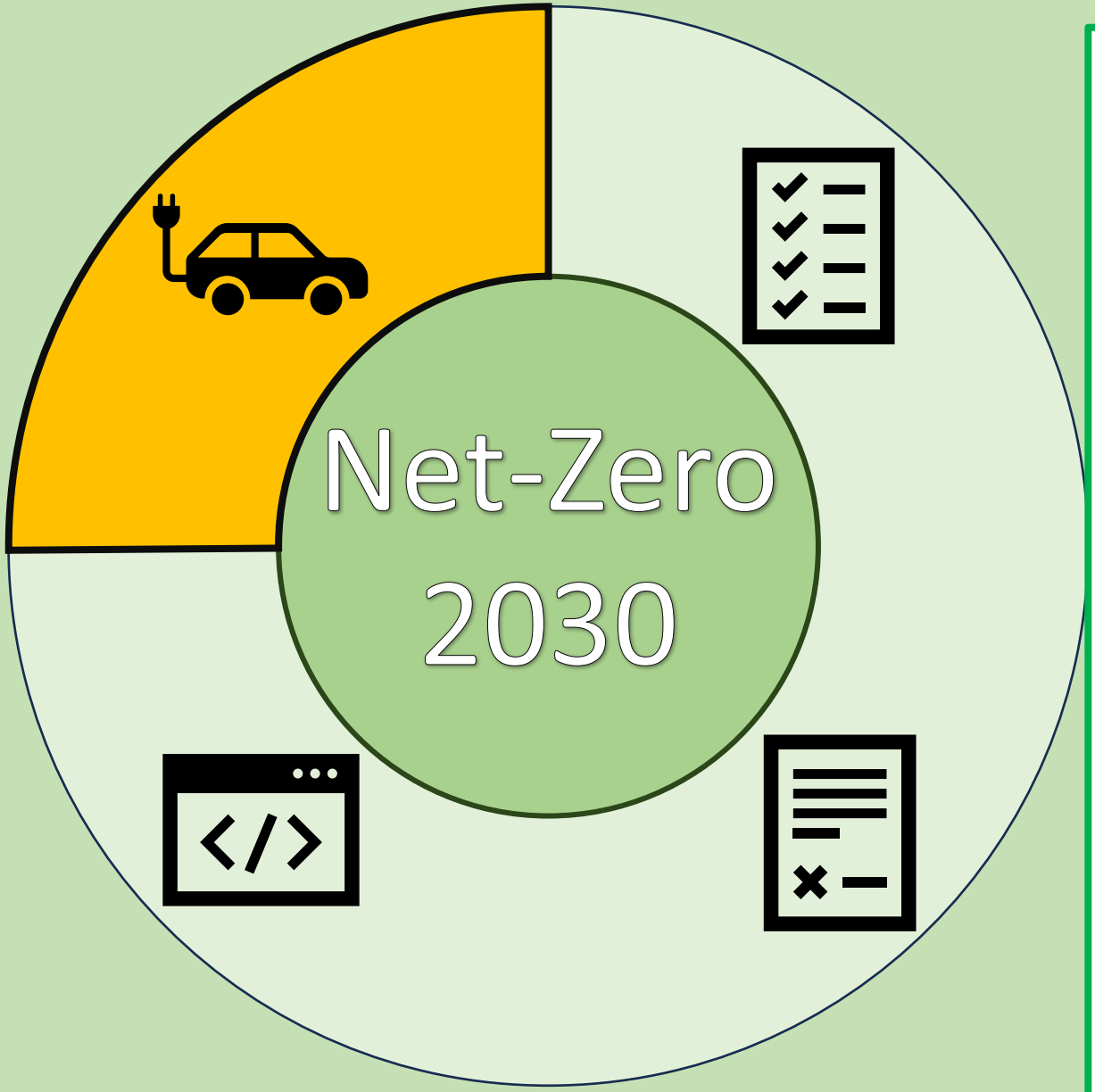
1. Travel and transport (Focus Area 1)
2. Waste (Focus Area 2)
3. Our Buildings (Focus Area 3)
4. Housing (Focus Area 4)
5. Forward Planning and development management (Focus Area 5)
6. Supporting Communities (Focus Area 6)
7. Biodiversity and open space management (Focus Area 7)

The Climate Action Plan serves as a guide for the Council's climate response. The plan is expected to continue developing as we move closer towards net-zero, adding new actions and removing completed actions. These updated action plans will be published onto the Council website as they are developed.

The current Climate Action Plan can be downloaded here Download the Climate Change Action Plan here

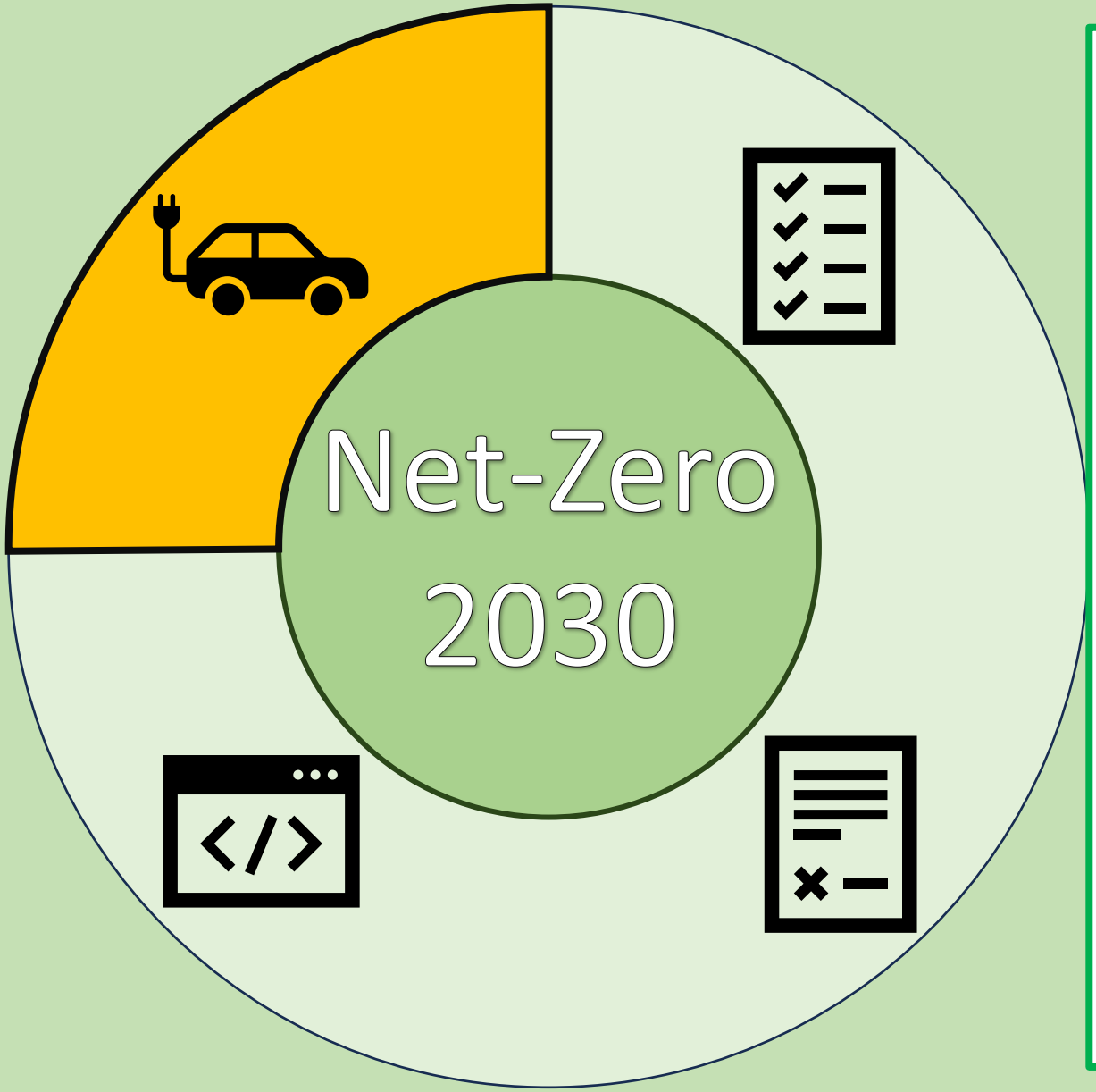
To provide feedback on the Action Plan, or be involved in local climate action, email climatechange@northwarks.gov.uk

Was this information useful?



Electric fleet

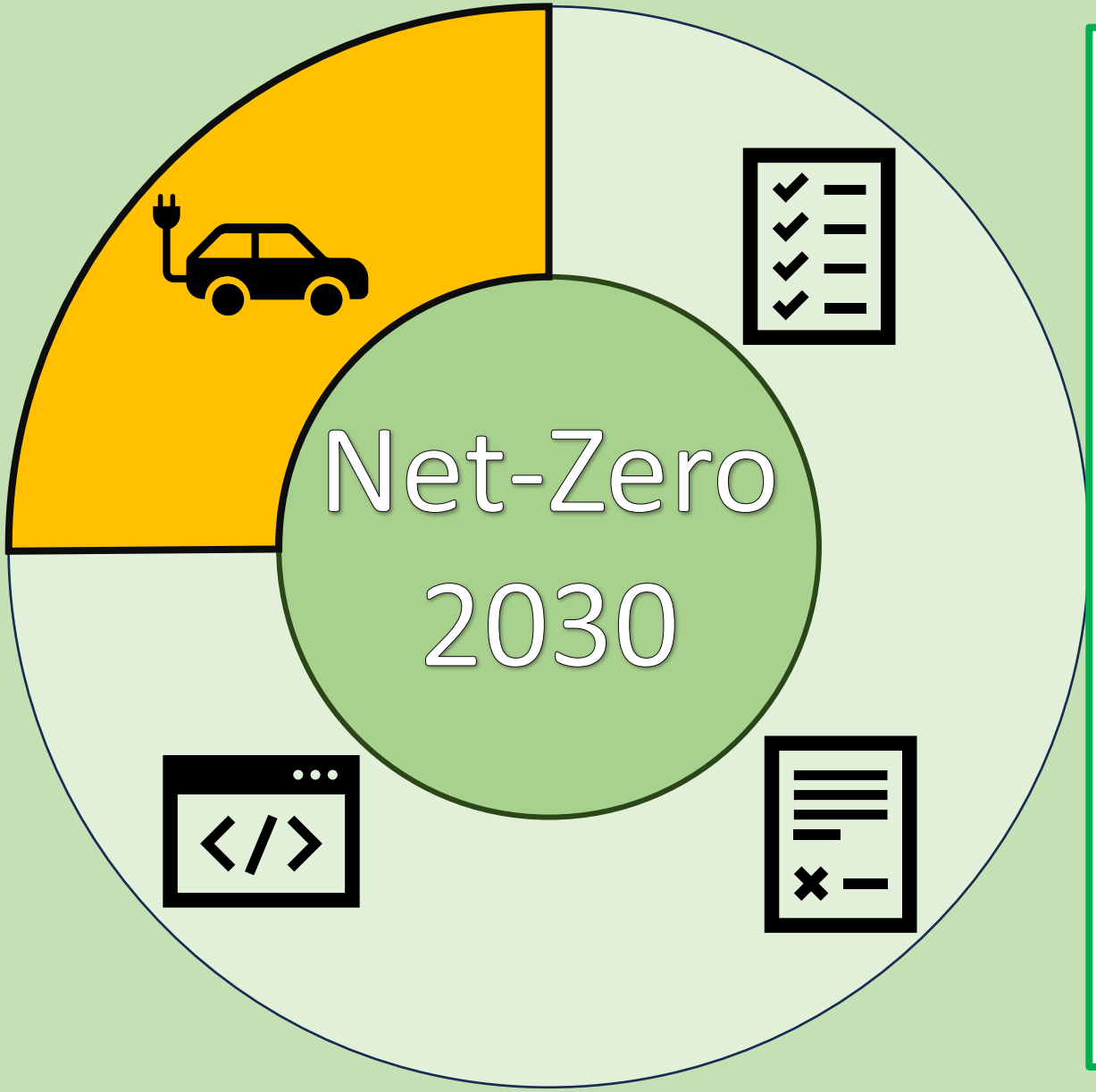
- To meet the Council's net-zero target transport emissions must be reduced rapidly
- Currently the Council fleet releases 680 tonnes of CO_2e per year
- It will not be possible to achieve net-zero if these emissions continue unchecked



Electric fleet

- Currently the most efficient technology available to operate a net-zero fleet is to utilise electric vehicles, powered by renewable energy

- Currently electric vehicles cost more upfront than petrol or diesel vehicle However, significantly lower fuel and maintenance costs means EVs are a long-term cost saving intervention



Electric fleet

- One of the major barriers to an electric fleet is the current lack of charging infrastructure.
- To facilitate this transition EV chargers are required to be installed
- Already quotes have been gathered for EV charger installations at Sheepy Road and the Council House car park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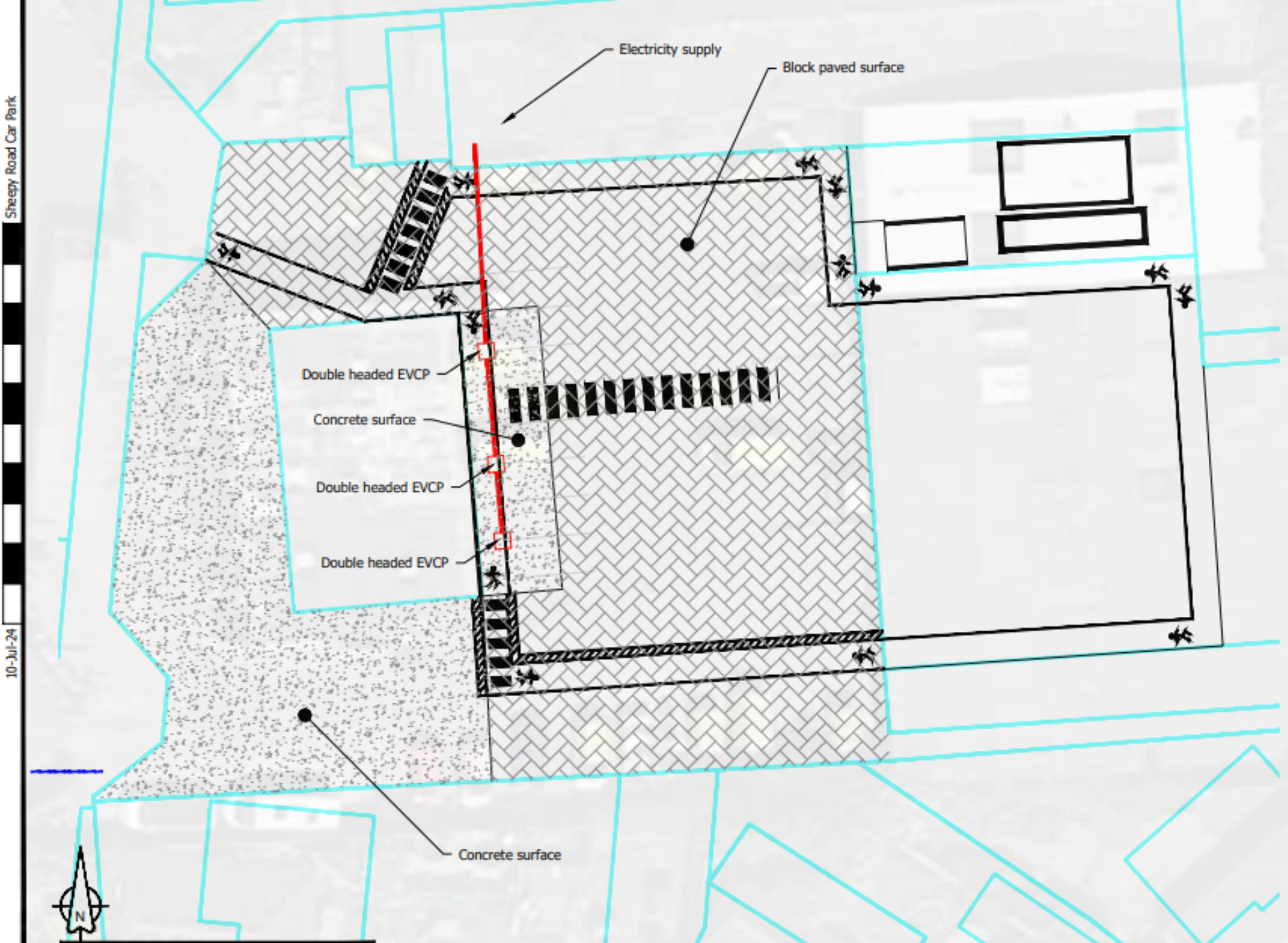

No. Revision By Date

North Warwickshire Borough Council

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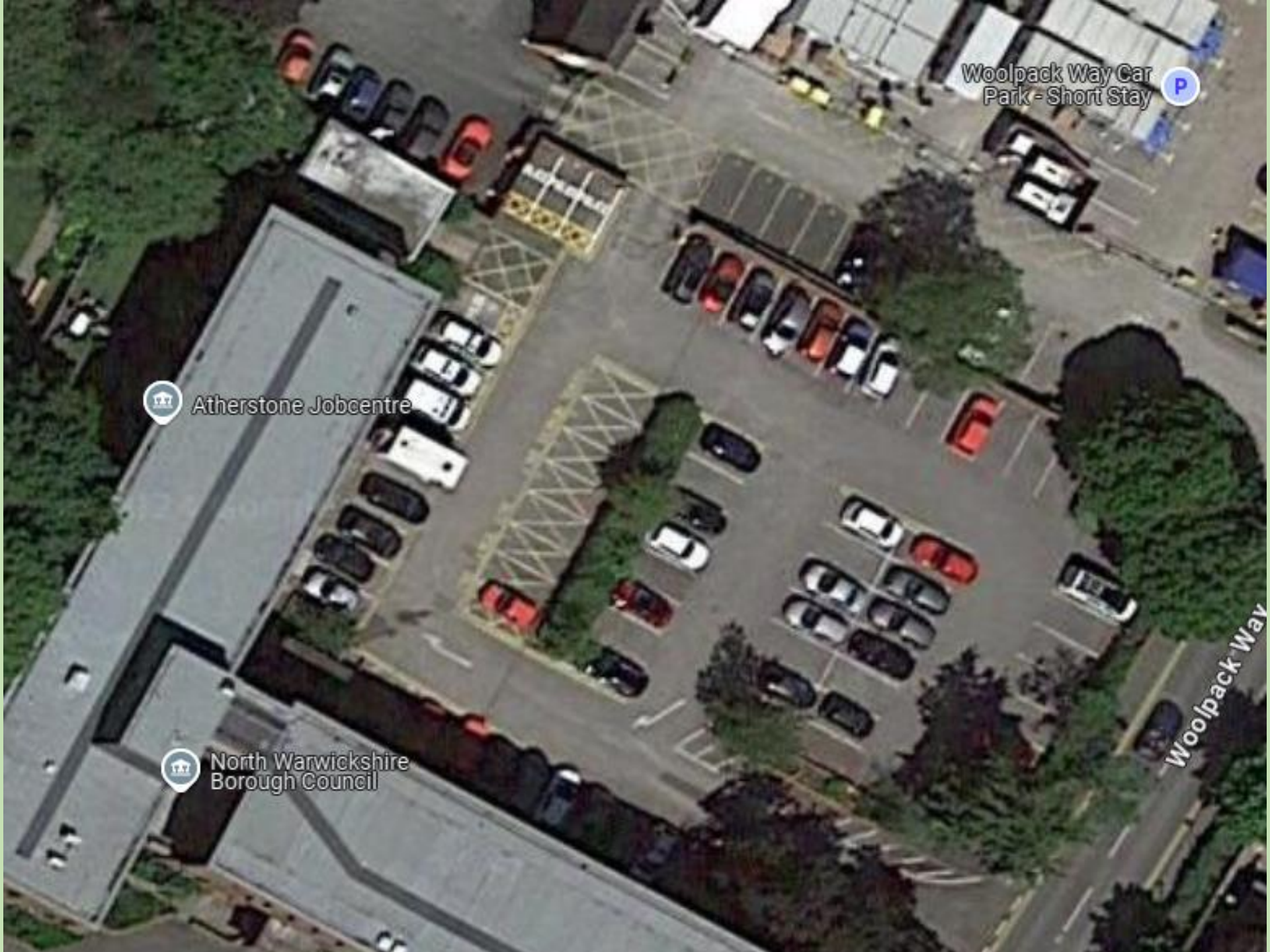
Project
North Warwichsire Borough Council
EVPCs

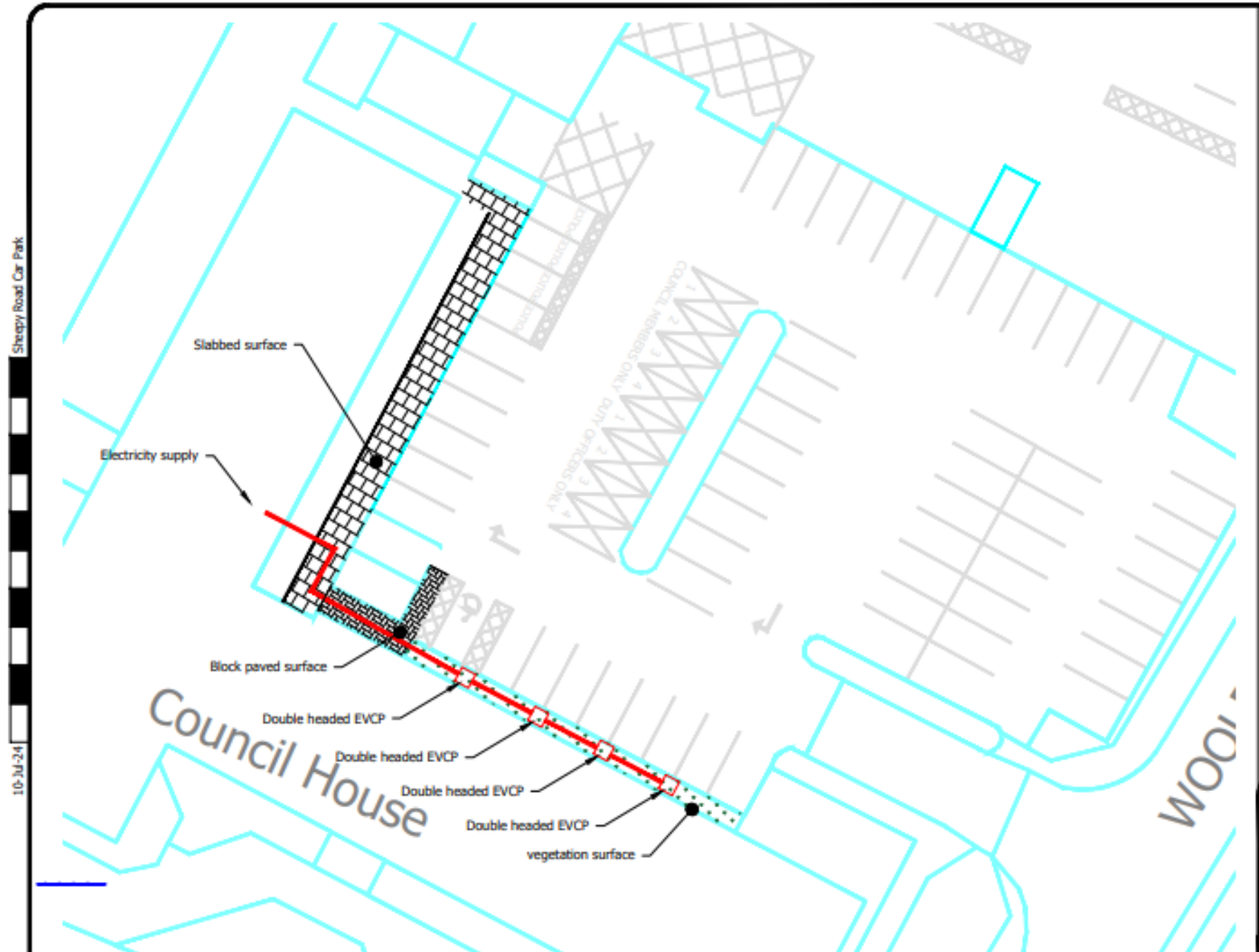
Drawing Title
Council Depot
Sheepy Road
Atherstone

Drawing Number

Drawn By KWE

Date June 24


Woolpack Way Car Park - Short Stay
Atherstone Jobcentre
North Warwickshire Borough Council
Woolpack Way



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