

**Communities, Housing and
Environment Policy Advisory
Committee**

**Tuesday 15
November 2022**

Fleet Replacement Programme

Timetable	
Meeting	Date
Communities, Housing and Environment PAC	Tuesday 15 November 2022

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Not Applicable – report for noting by the Communities, Housing and Environment Policy Advisory Committee
Lead Head of Service	William Cornall, Director of Regeneration and Place
Lead Officer and Report Author	Jennifer Stevens, Head of Environment and Public Realm
Classification	Public
Wards affected	All

Executive Summary

This report sets out the operational mechanisms for renewing the Council's fleet, to ensure that it supports the business need whilst minimising the impact on the environment.

The Vehicle Replacement Programme utilises the annually agreed Capital budget to replace aging and costly operational vehicles to enable the street cleansing and grounds maintenance services can continue to deliver the corporate objectives and statutory duties.

Purpose of Report

Noting

This report makes the following recommendations to the Communities, Housing and Environment Policy Advisory Committee:

1. That the contents of this report relating to the Fleet Replacement Programme and planned vehicle purchases be noted;
2. That the Green Fleet Strategy contained within Appendix 1 be noted;

Fleet Replacement Programme

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>The Fleet Replacement Programme supports the delivery of the street cleansing, commercial waste and grounds maintenance services through the provision of vehicles that are fit for purpose, cost effective and minimise the impact on the environment.</p>	Head of Environment and Public Realm
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report includes information relating to the actions being taken to ensure that our fleet are as environmentally sustainable as possible whilst meeting the needs of the business and being financially viable.</p>	Head of Environment and Public Realm
Risk Management	The risks related to the Fleet Replacement Programme are included in Section 5.	Head of Environment and Public Realm
Financial	The proposals set out in the recommendation are all within already approved Capital Budget for 2022/23 and the ongoing funding requirements will be part of the future Capital Funding approval process by Full Council.	Senior Finance Manager

Staffing	We will deliver the recommendations with our current staffing.	Head of Environment and Public Realm
Legal	Acting on the recommendations is within the Council's powers as set out in local authority legislation (including the general power of competence under the Localism Act 2011) and the Council's Constitution.	Interim Team Leader (Contentious and Corporate Governance)
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities & Communities Officer
Public Health	No implications identified	Head of Environment and Public Realm
Crime and Disorder	No implications identified	Head of Environment and Public Realm
Procurement	The Council will follow procurement exercises for the purchase of all fleet replacements. We will complete those exercises in line with financial procedure rules.	Head of Environment and Public Realm
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and aligns with the MBC intentions of the action plan to gradually transition the fleet from petrol/diesel to fully electric vehicles to cut carbon emissions in line with MBC's 2030 net zero commitment. Provision for the medium term to increase the Depot's electricity capacity to charge electric vehicles is underway, to ensure there will be no disruption to the depot's operations by transitioning to fully EVs.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 Maidstone Borough Council operates in-house street cleansing, grounds maintenance and commercial waste services using 54 vehicles ranging from 26 tonne refuse collection vehicles (RCVs) to small supervisor vans.

- 2.2 Given the nature of the work these vehicles undertake, they are generally depreciated over 5 years and require replacing within 5-7 year period. Usually after 5 years, the vehicles maintenance costs start to significantly increase, and they start becoming less reliable with longer periods of downtime. However, where a vehicle remains cost effective and in good condition it will be retained.
- 2.3 Therefore, the Council has a 5-year rolling Vehicle Replacement Programme, to enable the ongoing investment in the Council's fleet. The current fleet is estimated to be worth approximately £1,280,000. A new fleet would cost in the region of £2,750,000.
- 2.4 The annual Capital budget varies each year as it is profiled based on the vehicles requiring replacement. This is approved by Full Council each year. The table below sets out the 5-year budget which was set in 2021 and will be reviewed as part of the Capital Programme to reflect the changing market and updated quotes for replacement vehicles.

Year	Capital Budget
2022/23	£532,860
2023/24	£456,560
2024/25	£457,000
2025/26	£270,000
2026/27	£96,300

- 2.5 Every year the fleet is reviewed by service managers and the Transport and Compliance Manager and vehicles are identified for potential replacement based on their age, running costs and needs of the business. This information is used to update the Fleet Replacement Programme and ensure there is sufficient budget available.
- 2.6 In 2022-23, 10 vehicles have been purchased including two large sweepers, a pavement sweeper, two 7.5 tonne vehicles, two 3.5 tonne vehicles and three pick-up trucks. This quantity was higher than originally planned but reflects the current vehicle market, which have significantly increased lead-times for delivery. Several orders have therefore been placed earlier than planned and two 7.5 tonne vehicles were purchased as they became available due to order cancellations and would have been unavailable to order until 2024.
- 2.7 This has put the expected expenditure for 2022-23 above budget however this will be offset by income from vehicle sales, delays to some vehicles being delivered until 2023-24 and a reduction in purchases in subsequent years.
- 2.8 For 2023-24, there are seven vehicles due to be purchased including two grounds maintenance beavertails, three 3.5 tonne vehicles, a pick-up truck and a 7.5 tonne refuse collection vehicle (RCV). The purchase of a 7.5 tonne RCV has been identified as it will reduce the operational costs to the

Council of emptying parks litter bins and will provide wider benefits than the 7.5 tonne caged vehicle it will be replacing.

- 2.9 The table below shows the planned vehicle purchases over the 5-year programme. This is reviewed annually based on the actual running costs and condition of each vehicle.

Vehicle	2022-23	2023-24	2024-25	2025-26	2026-27
Van	0	2	4	0	0
Pick-up	3	0	1	0	2
Flatback	0	1	1	0	1
3.5 tonne	3	5	1	0	1
7.5 tonne	2	1	0	0	0
Sweeper	0	0	1	3	0
HGV Sweeper	2	0	0	0	0
RCV	0	0	1	0	0
TOTAL	10	9	9	3	4

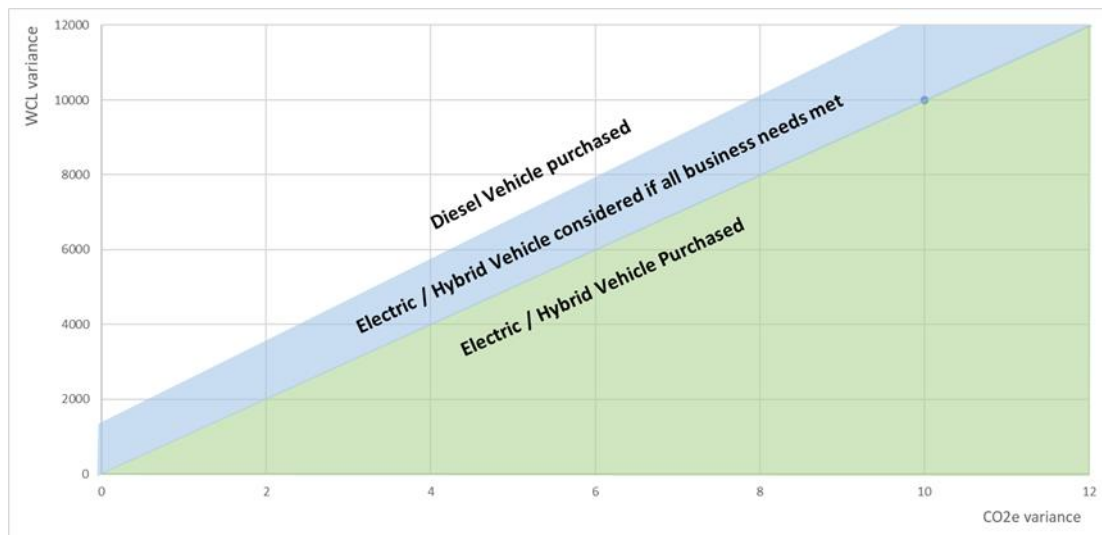
Green Fleet Strategy

- 2.10 In 2019, the Council declared a Climate Change Emergency and with the current fleet contributing over 260 tonnes of CO₂e per year, reducing this impact is a key objective within the Biodiversity and Climate Change Strategy as shown by the excerpt below.

Making our estate carbon neutral

Aim: We will reduce emissions from our estate to as close to carbon neutral as possible by 2030. We emit 480 tCO₂e from council owned vehicles and 679 tCO₂e from electricity and gas in our buildings and indirectly emit 3,030 tCO₂e from services outsourced.

- 2.11 An operational strategy was developed earlier in the year to enable the service and fleet managers to balance the business needs, the significant cost variations and the environmental impact when purchasing new vehicles.
- 2.12 The Green Fleet Strategy is included in Appendix 1. It outlines the current fleet profile and the decision-making process (Appendix 2) for determining whether a replacement vehicle is required, what vehicles are available in the market that meet the business needs and the Cost Viability Matrix.
- 2.13 The Cost Viability Matrix is shown below and takes into consideration the Whole Life Costs (WLC) of the vehicle – such as maintenance and running costs – and the CO₂e variance.



2.14 The Green Fleet Strategy has resulted in the Council purchasing two electric caged vehicles which are due for delivery later in the year. However, for the replacement of 7.5 tonne trucks used for the removal of fly tipping, a diesel vehicle has been purchased as there was no viable electric vehicle on the market.

2.15 The Cost Viability Matrix was also applied to the purchase of replacement sweepers and resulted in the purchase of diesel vehicles at this time due to the cost for the electric sweeper being twice as much as the diesel alternative.

2.16 For the seven vehicles requiring replacement in 2023-34, five have been identified for the purchase of electric vehicles. This is expected to cost an additional £136k compared with the diesel alternatives and funding has been set aside from the Biodiversity and Climate Change Capital Fund. There are not currently suitable electric vehicles on the market for the 7.5 tonne RCV and 3.5 tonne rear wheel drive tipper so diesel vehicles will be purchased.

2.17 The results of a feasibility study, conducted by SWARCO found there was a need to upgrade the electric capacity to 600KVA for an entirely electrified fleet by 2030, with a recommendation to instal a new substation on the Depot site. However, officers identified an existing substation near to the depot, and with basic low-cost ground works planned for Autumn 2022 can connect to the existing supply and increase the depot's capacity to 227KVA. This will be ample capacity for a new 50kw rapid charger to be installed on site as well as sufficient capacity for the medium-term needs of the depot's light vehicles EV replacements.

3. AVAILABLE OPTIONS

3.1 There are no matters for decision within this report. The Committee is asked to note the contents of this report but may choose to comment.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 In considering the operational strategy for determining which fleet to purchase and the current programme of replacements, the Committee can choose to note this information or choose to comment.

4.2 The Committee is requested to note the content of the report.

5. RISK

5.1 The commercial vehicle market, particularly for alternative fuels, is rapidly developing and this poses several risks to the Council, including purchasing vehicles that are not fully tested in the 'real' world or become quickly outdated as technology evolves. Therefore, it is important that the Council has policies in place that recognise this and enable decisions to be taken based on the immediate market conditions.

5.2 The reliability of the Council's fleet is a key service risk as it would have a significant impact on the ability to deliver statutory functions as well as the corporate objective of a "Safe, Clean and Green" Borough. The Fleet Replacement Programme is designed to ensure that the Council has a newer and therefore more reliable fleet that meets the needs of the business. A newer fleet is not only likely to have less downtime, but maintenance costs will also be lower, the visual impression will also be improved, and drivers are more likely to look after them.

5.3 Availability of fleet is also a growing concern as the market lead-times have increased substantially over the last 12 months with some manufacturers closing their order books for smaller vehicles until 2023-24. Therefore, the replacement plan enables the Transport and Compliance Manager to place orders early and factor in lead-times to ensure the services are not left without the resources they need. Improved forward planning has enabled the Council to benefit from order cancellations and purchase vehicles that are already on the production line.

5.4 The Council's fleet also contributes over 260 tonnes of CO₂e and therefore without taking action to reduce this, the Council will not achieve its objectives to tackle climate change. The Green Fleet Strategy sets out an operational plan to consider the whole benefits and costs of each vehicle at the point of replacement and seeks to identify opportunities to reduce CO₂e through fleet reduction, aligning purchases with market availability and promoting alternative fuel options.

5.5 There is also a financial risk to the Council of not having an operational strategy for the purchase of new vehicles as electric vehicles are proving to be twice as expensive as diesel equivalents. Therefore, considering the whole life costs with the environmental benefits is key to ensuring that a balance is achieved. The Green Fleet Strategy provides a clear decision-making model (Appendix 2) that will consider the rapidly evolving EV market.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The Capital Programme is approved annually by Full Council. This provides Members with the opportunity to comment on the Capital budget allocated for the purchase of replacement vehicles.
- 6.2 Members have also provided feedback through the Biodiversity and Climate Change Strategy to show a commitment to reducing emissions from the Council's estate and fleet. The Green Fleet Strategy seeks to deliver this whilst recognising the importance of delivering high-quality, cost-effective services.
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7. REPORT APPENDICES

Appendix 1: Green Fleet Strategy 2022

Appendix 2: Fleet Selection Process

8. BACKGROUND PAPERS

None