ABSTRACT: The Committee are asked to approve the Director of Neighbourhood Services recommendation, to utilize the funding available from the Low Carbon Vehicle Procurement Support Scheme.

1. RECOMMENDATION(S)

1.1 It is recommended that the Committee:-

(i) authorises the Director of Neighbourhood Services to utilise the funding available from the Low Carbon Vehicle Procurement Scheme by purchasing 1 electric sweeper and leasing 2 electric cars into Angus Council’s Fleet on the basis set out in this report.

2. BACKGROUND

2.1 The maximum allocation of funding available to Angus Council is £105,000 and is intended to bridge the gap between the cost of a traditional vehicle and the more expensive cost of electric vehicles. This funding will enable the introduction of electric vehicles into the Council’s fleet, the main advantage being the reduction of CO₂ emissions, which would in the long term also aid in the target reduction as laid down by the Climate Change (Scotland) Act 2009 to reduce emissions by 42% by 2020.

2.2 Implementation of these vehicles would give Angus Council the opportunity to trial and assess at first hand these vehicles over a four/five year period of the scheme for their performance and reliability. The vehicle types proposed for assessment are an electric sweeper and saloon car. The funding can cover either the purchase or lease costs of these vehicles plus a proportion of the costs associated with the installation of appropriate individual charging points.

2.3 Members are asked to note that to be eligible to draw down the grant funding, the vehicles and charging points must be ordered no later than 31 March 2011.

3. PROPOSED PROCUREMENT

3.1 Based on the financial analysis detailed within the financial implications section, it is recommended that the funding should be used to purchase 1 electric sweeper and to lease 2 electric cars. Additionally the funding can support the purchase cost of the associated charging points. The funding is not, however, expected to cover the installation costs of the charging points in this instance, as it is unlikely this work can be completed by the 31 March 2011 deadline.

3.2 Each vehicle or item recommended has been selected as the best fit for Angus Council’s specifications and takes into account whole life maintenance and repair costs thus ensuring value for money is obtained for the Council.

4. PROCUREMENT AUTHORITY

4.1 Sourcing Strategy

The Director of Neighbourhood Services considers that the provision of purchasing and leasing electric vehicles into Angus Council’s Fleet using the grant funding available from the Low Carbon Vehicle Procurement Scheme is a highly desirable opportunity to meet the Council’s aspirations towards carbon reduction. There are no supply alternatives to procuring via direct purchase or leasing the vehicles in question.
The following Angus Council policies support and/or are relevant to this procurement:–

Scotland’s Climate Change Declaration Report No. 773/09:–

Angus Council “signed” the Declaration agreeing to seven commitments which requires the Council to “publish” an annual statement on the monitoring and progress of the Council’s climate change response detailing targets set, actions taken and outcomes achieved in reducing emissions.

Carbon Management Strategy and Implementation Plan Report No. 471/08:–

The Strategic Policy Committee agreed to join the Carbon Trust’s Carbon Management Programme (CMP). The aim of the Implementation Plan is to reduce Carbon Dioxide (CO₂) emissions and energy costs for the Council.

The supply market has been analysed and it is considered that the market for the supply of electric powered cars is reasonably competitive. The required supply is readily available from a range of suppliers: the key suppliers currently being Citroen, Mitsubishi, Nissan and Peugeot. A competitive tender approach to the procurement of the electric cars is, therefore, considered to be likely to deliver best value to the Council for this requirement.

In respect of electric sweepers, the supply market has again been analysed but does not display the same competitiveness. Of 5 possible suppliers on the Scotland Excel Framework (Tennant Sweepers, Johnston, Scarab, Schmidt and Lincoln Cleaning); only 1 is known to supply electric sweepers (Tennant Sweepers). It will not, therefore, be possible to carry out a competitive tender approach for the purchase of the electric sweeper. Value for money will, in this instance, be achieved by benchmarking the offer price with other local authorities who already operate such vehicles.

The impact on the locally-based supply chain of procuring this requirement has also been considered and is considered to be minimal. None of the potential suppliers are based in Angus and all are national companies.

Servicing for the sweeper and cars will be carried out by local dealerships outside the Angus area.

The purchase of the electric cars will be not be lotted - the whole requirement is available from all the major identified suppliers.

Scotland Excel framework contract currently exists to meet this purchase requirement, namely:- Supply and Delivery of Heavy Vehicles 27/09-PC/3. This also offers a speedy procurement route given the time constraints for ordering of the required vehicles in terms of the offered grant funding.

OGC Buying Commercial Vehicle Contracts 3M/FMT/07/4793 exists to meet the leasing requirements for the cars.

Consultation has not been undertaken with our Tayside Procurement Consortium (TPC) partners, Dundee City Council, Perth & Kinross Council and Tayside Contracts. It is evident that there is no current potential for collaborative procurement of the Council’s requirement at present under the umbrella of the Tayside Procurement Consortium. This is because the current funding available is for the Angus Community Planning Partnership and the tight timescale for the availability of the grant. It may be possible to collaborate with the TPC partners for provision of the electric vehicles in the future.

The procurement is not considered to be a “major procurement” in terms of Financial Regulation 16.8.4. Approval of this report would mean that the contract can be accepted without the need for further approval by the relevant Committee. In accordance with the new arrangements the contract award will be reported to the Corporate Services Committee for noting only.
4.2 **Key Terms Proposed**

It is envisaged that the contracts will be awarded by 7 March 2011 for placing orders for the required vehicles by no later than 31 March 2011. The expected delivery date will be July 2011.

The value of the services is estimated and detailed in Section 4 below and includes the whole life of the contract, and there are no options to extend the contract.

4.3 **Procurement Procedure**

The contractual mechanism for the electric cars will be a mini competition using our current suppliers (Lexautolease or Arnold Clark) and those available under the Scotland Excel/OCG framework agreement(s) referred to.

The mini-competition opportunity does not need to be further advertised as the frameworks have been duly advertised already. It will, however, be issued to all the framework suppliers who are capable of meeting the Council’s requirement here.

As noted above, it is not possible, however, to carry out a mini competition for the electric sweeper as only 1 of 5 possible suppliers actually supplies electric sweepers. This has been verified by contacting the other suppliers of this type of equipment.

4.4 **Contract Evaluation on Award Basis**

Completed tenders returned to the Council shall be evaluated and the contracts will be awarded on the basis of lowest price.

The Corporate Procurement Manager has been consulted on the proposed procurement process and outline requirement and is satisfied that that this approach is suitable and likely to produce best value for the Council.

4.5 **Procurement Risks**

A risk assessment has been undertaken for this procurement and, other than the normal risks inherent in any contract, no significant risks have been identified.

5. **FINANCIAL IMPLICATIONS**

5.1 **Electric Sweeper**

The grant funding is intended to bridge the gap between the cost of a traditional vehicle and the more expensive cost of electric vehicles and the following table compares purchase of an electric sweeper against lease of same. The lease cost information is shown aggregated to a 5 year position.

<table>
<thead>
<tr>
<th>Purchase</th>
<th>Cost (£)</th>
<th>Lease</th>
<th>Cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of Electric Sweeper</td>
<td>122,245</td>
<td>Lease Cost Electric Sweeper</td>
<td>85,887</td>
</tr>
<tr>
<td>Price of Conventional Sweeper</td>
<td>47,380</td>
<td>Lease Cost Conventional Sweeper</td>
<td>65,589</td>
</tr>
<tr>
<td>Funding Required For Purchase</td>
<td>74,865</td>
<td>Funding Required For Lease</td>
<td>20,298</td>
</tr>
<tr>
<td>Add: Eligible Installation Costs</td>
<td>0</td>
<td>Add: Eligible Installation Cost</td>
<td>0</td>
</tr>
<tr>
<td>Total Funding required</td>
<td>74,865</td>
<td>Total Funding required</td>
<td>20,298</td>
</tr>
</tbody>
</table>

Whilst the total funding required above is less for a leased sweeper, this would leave the Council facing a contribution of a revenue lease cost of some £13,200 per annum (£66,000 over a 5 year period). As the current sweepers are owned by the Council rather than leased, there is no budget available to meet this annual contribution.

In respect of the purchase option, however, there is already provision within the Environmental Management Financial Plan (Waste Vehicle Replacement Programme) for the
replacement of 2 sweepers at £55,000 each. The purchase of a sweeper using the grant funding would take the place of 1 of the already planned sweeper replacements. The £47,380 contribution from the Council (equal to the conventional sweeper price) can be contained within the £55,000 allocation in the Financial Plan.

Whilst electric car technology is reasonably well established, electric sweepers are less so and, therefore, present some risk to the Council as to their long term suitability and reliability. Given this risk element, the lack of revenue budget availability and the availability of capital resources noted above, it is recommended that the grant funding be utilised to purchase 1 electric sweeper as a test vehicle for assessment over a prolonged period of time. The remaining sweeper would remain in the Financial Plan for replacement with a conventional vehicle while the electric sweeper is subjected to assessment.

5.2 Electric Car

The grant funding is intended to bridge the gap between the cost of a traditional vehicle and the more expensive cost of electric vehicles and the following table compares purchase of an electric car against lease of same. The lease cost information is shown aggregated to a 4 year position.

<table>
<thead>
<tr>
<th>Purchase</th>
<th>Cost (£)</th>
<th>Lease</th>
<th>Cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of Electric Car</td>
<td>33,135</td>
<td>Lease Cost Electric Car</td>
<td>19,920</td>
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<tr>
<td>Price of Conventional Car</td>
<td>13,968</td>
<td>Lease Cost Conventional Car</td>
<td>10,020</td>
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<tr>
<td>Funding Required For Purchase</td>
<td>19,167</td>
<td>Funding Required For Lease</td>
<td>9,900</td>
</tr>
<tr>
<td>Add: Eligible Installation Costs</td>
<td>3,520</td>
<td>Add: Eligible Installation Costs</td>
<td>3,520</td>
</tr>
<tr>
<td><strong>Total Funding required</strong></td>
<td><strong>22,687</strong></td>
<td><strong>Total Funding required</strong></td>
<td><strong>13,420</strong></td>
</tr>
</tbody>
</table>

It is clear from the table that less funding is required in respect of leasing electric cars. Unlike the position with the sweeper, however, cars are currently procured on a lease basis and, therefore, there are existing revenue budgets to meet the associated annual lease payments. In this regard opting for the lease route above would be neutral for the Council as the existing revenue budgets would meet the Council’s annual contribution of around £2,500.

It should also be noted that as the existing cars are leased, there is currently no provision within the Environmental Management Financial Plan (General Vehicle Replacement Programme) for any replacement cars.

Accordingly it is recommended that the balance of the grant funding (£30,000 after allowing for the purchase of the electric sweeper) should be utilised to lease (for a 4 year period) 2 electric cars. These cars will replace cars currently on lease which are due to be replaced during 2011/12.

**Running Costs**

The running costs of each type of vehicle have been assessed and whilst some movement is evident between repair and fuel costs, in overall terms the running costs of the electric vehicles is basically the same as the conventional vehicles. Accordingly the procurement of electric vehicles is neutral for the Council in running costs terms as these will be contained within the budget provisions for existing vehicles.

**CO2 Emissions**

Whilst not strictly financial, Members are asked to note that the use of the electric vehicles will reduce CO2 emissions as follows:-

- Sweeper - reduction of 4.69 tonnes per annum;
- Car - reduction of 1.50 tonnes per annum.

6. **HUMAN RIGHTS IMPLICATIONS**

6.1 There are no Human Rights implications associated with this report.
7. SINGLE OUTCOME AGREEMENT

7.1 This report contributes to the following local outcomes contained within the Single Outcome Agreement within Angus Council: -

- Resources are used effectively.

8. CONSULTATION

8.1 The Chief Executive, the Director of Corporate Services, the Head of Finance and the Head of Law and Administration have been consulted in the preparation of this report.

9. EQUALITIES IMPLICATIONS

9.1 The issues dealt within this report have been the subject of consideration from the equalities perspective (as required by the legislation). An equalities impact assessment is not required.

RON ASHTON
DIRECTOR OF NEIGHBOURHOOD SERVICES

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above Report.

Env.Management/NS/RA/DFI