

Delegated Decisions report



23 March 2021

REVIEW OF INTERNAL AUTHORITY FLEET

Name of Cabinet Member	Councillor Emily Darlington (Cabinet member for Public Realm and Housing Services)
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Exempt / confidential / not for publication	No
Council Plan reference	Commitment 14: Produce a clear action roadmap to hit our target of a carbon neutral MK by 2030, implementing the Sustainability Strategy and Climate Change Task & Finish Report.
Wards affected	All wards

Executive Summary

Within the Council's Greenest City ambitions a key feature will be the future management, fuelling and usage of all Local Authority vehicles. This is now part of the Commissioning 2023 programme and will be reviewed by commissioning both the internal and the wider external (contractual) fleets. As such, reducing carbon and reducing pollutants from exhaust emissions will be a key part of the future requirements but in order to facilitate this the current internal fleet contract will need to be extended accordingly to make provision for these future revised requirements.

This report seeks approval for the extension of the contract for the Hire of Fleet Vehicles under the ESPO Framework Agreement 218 Lot 1, Sub Lots 1 and 4 Council's Vehicle Fleet. The current contract commenced on 1 July 2018 for three years with the option of extending for a year (subject to satisfactory performance and mutual agreement).

Vehicles of varying sizes and types are utilised to support service delivery across the Council. A review of the internally operated leased fleet has been carried out by an external consultant to consider the future requirements.

1. Decisions to be Made

- 1.1 That the Hire of Fleet Vehicles contract, currently held with Limesquare and London Hire, be extended for a period of one year from 1 July 2021 to 30 June 2022.
- 1.2 That the Director - Environment and Property be delegated authority to decide on the number and type of vehicles which are required for the extension period.
- 1.3 That the Director - Environment and Property be delegated authority to decide on the requirements of electric vehicles, including charging infrastructure, following the conduct of further work on the feasibility of a decarbonised internal fleet.

2. Why is the Decision Needed?

- 2.1 The internal Authority current fleet consists of 91 vehicles of 17 cars (including 8 4x4s), 42 vans, 31 minibuses and 1 mobile library bus. The Authority Sustainability Strategy 2019 – 2050 has stated a target to reach zero carbon by 2030. A significant contribution to meeting this target will be the fuel source, size and use of the both internal and external (outsourced) contractor fleets.
- 2.2 The internal Authority fleet is currently used by 23 different services who are responsible for basic maintenance while core servicing, contract management and administration is held by a dedicated fleet management team. However, unlike the external fleets which are centralised and based at depots (i.e. Highways, Waste, Landscaping etc) the internal fleet is decentralised and spread across a multitude of sites.
- 2.3 As part of the Greenest City ambitions and the Sustainability Strategy the management, fuelling and usage of all vehicles within the footprint deemed as Authority carbon and fuel emissions will need to be considered.
- 2.4 In order to fully consider the decarbonisation of respective fleets in a phased programme which demonstrates the respective capital investment and financial models then the Authority will present a phased Fleet Decarbonisation Plan which will link in with the Environmental Services Programme Commissioning 2023 programme.
- 2.5 To support this an external consultant has analysed the number of days each vehicle was used and the average kilometres per day that they were driven between March 2019 to March 2020. Each service area manager responsible for managing fleet assets has been engaged to understand current and future fleet requirements while also acknowledging changes in usage arising from Covid-19. The review and recommendations consider whether vehicles are still required; better serviced with pooled vehicles; or whether vehicles should be changed to different types of vehicles.

- 2.6 The review recommends that 4 vehicles are underutilised and can be removed from the fleet; 3 vehicles are replaced with another smaller vehicle; 8 vehicles are underutilised, and could be made available to other services (pooled); 2 vehicles are PHEV and have no charging facilities and should be in the short term changed to petrol or diesel until charging infrastructure is in place; and there are a number of service specific recommendations to consider pooling and sharing activities of the service to reduce vehicles.
- 2.7 Unlike the external fleets which are largely based at key depots (Highways, Waste etc) the internal fleet is decentralised sitting across 10 locations.
- 2.8 The current contract has provision that at any point during the term of the contract, the Council reserves the right to make amendments to the initial vehicle requirements. Therefore, based on the headline finding the Council will engage with the contractors to reduce the footprint of the internal fleet to match requirements and work to undertake a preliminary trial of electric vehicles where the charging infrastructure exists at the respective sites.
- 2.9 The cost of fuelling the internally operated leased fleet of vehicles, cars, vans and minibuses is £210,000 per annum producing 630 tonnes of greenhouse gas emissions. The consultant also considered the potential fuel savings by switching vehicles to electric. The contract extension will facilitate the Authority preparing the programme for future leasing/purchasing and servicing requirements against the current fuel type, along with the necessary charging infrastructure to meet the aims of Greenest City, Sustainability Strategy and Commissioning 2023 outcomes.

3. Implications of the Decision

Financial	Yes	Human rights, equalities, diversity	No
Legal	Yes	Policies or Council Plan	Yes
Communication	Yes	Procurement	Yes
Energy Efficiency	Yes	Workforce	No

(a) Financial Implications

The costs of the extension are met within the overall fleet budget allocations for 2021/22. Whilst the expectation is that the number of vehicles in the contract will be less in the extension, the value of these reduced costs cannot be confirmed until negotiations with the contractors have been finalised.

Once the requirements of electric vehicles, and charging infrastructure have been determined, a full business case will be prepared to assess the impact on current budgets. Any additional cost will need to be considered as part of the annual budget process.

(b) Legal Implications

The extension of the contract complies with the Council's Contract Procedure Rules. The ESPO Framework Agreement 218 is open for use by public bodies in the UK including local authorities.

The Council as a local authority has statutory duties to provide range of services to the residents. These include education services; children's safeguarding and social care; adult social care; waste collection; planning and housing services; road maintenance and library services. All these services require vehicles and are impacted by efficient fleet provisions.

The contract already includes an option to extend by a further year and therefore the request to extend complies with the Public Procurement regulations 2015.

(c) Other Implications

(i) Communication: In the process of the fleet options appraisal, all service area managers were engaged to understand their current and future fleet requirement. This will be explored further in the implementation process of changes to the numbers and vehicle types.

(ii) Energy Efficiency

The Fleet Options Appraisal considers the need to reduce carbon emissions and save cost of fuel and consequently alternative energy use opportunities. A strategy will now be prepared to deliver these outcomes.

(iii) Policies and Council Plan

The change in fleet will support the Milton Keynes Council's ambition to become the Greenest City and support the Council's Sustainability Strategy 2019-2050 for carbon reduction, transition to low cost renewable energy sources and reduction of consumption of resources without sacrificing economic development.

(iv) Procurement

The current contract was let under the ESPO 218 Contract Hire/Leasing of Specialist Vehicles Framework. The contract has an inherent extension provision of 1 year and this will be invoked to extend the contract. Further work will be done in consultation with the Council's procurement unit to develop appropriate procurement strategy for the new contract that would be in place in 2022 at the expiration of the extension.

4. Alternatives

4.1 Option 1 - Do Nothing

Doing nothing means that the vehicles would need to be returned at the end of the current contract. This is not an option as it would mean that the Authority would no longer have an operational fleet and it would have a serious impact on the delivery of council services. Migration to use the Authority officers' own vehicles could also be included in this option but would require a dedicated consultation with the workforce and would include additional mileage rates to officers.

4.2 Option 2 - Go to Market and Re-tender a New Contract

The current contract is re-tendered. This option would mean that the Authority does not have sufficient time to review infrastructure in place to support a significant step in pursuing a significantly decarbonised fleet and it would be procuring a contract in the absence of that strategy. Furthermore, the timeframes for procurement are very short which might not enable best value from the market.

4.3 Option 3 - Preferred: Contract Extension and prepare Decarbonisation Plan

The fleet options appraisal indicated clear opportunities to downsize the fleet. This option will therefore seek to consider the reduction in number of vehicles in some service areas and use of pool vehicles where feasible. This will result in immediate cost savings on fuel and carbon reduction. The Commissioning team will also prepare a Fleet Decarbonisation Plan as to the transition to an internal electrified / decarbonised fleet the concepts of which shall be trialled in the one year extension and implemented for the new contract thereafter.

It is therefore recommended that the current contract be extended for one year subject to facilitate consultation with service users, define the new fleet requirements, outline infrastructure and transition principles as linked to the forthcoming Fleet Decarbonisation Plan.

5. Timetable for Implementation

Date	Implementation
March - June 2021	Review of vehicle requirements for service areas
July 2021	Extension of current fleet contract for 1 year
July – October 2021	Procurement strategy for fleet considering a with Fleet Decarbonisation Plan from July 2022
January 2022	Commencement of Procurement Process for fleet from 2022
August 2022	New Fleet Contract

List of Annexes/ Background Papers

None.