

Subject:	Housing Repairs and Maintenance Interim Fleet replacement		
Date of Meeting:	23 June 2021		
Report of:	Executive Director for Housing, Neighbourhoods, & Communities		
Contact Officer:	Name:	Eddie Wilson	Tel: 01273 293669
	Email:	Eddie.Wilson@brighton-hove.gov.uk	
Ward(s) affected:	(All Wards);		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 It was agreed by the Housing & New Homes Committee and the Policy, Resources & Growth Committee in 2018 to bring the responsive repairs and empty property refurbishments service in house when the contract expired with Mears on 1st April 2020, As previously reported to Housing Committee, in order to bring the services in-house there were some discrete products which the Council procured from Mears for a limited period. This included the vehicle fleet used by the Housing Repairs & Maintenance service which following a waiver was sub-leased from Mears under an agreement that was set up for a maximum 2 years and will end 31st March 2022 (or sooner, subject to the approval of this interim fleet proposal). The council do not plan to seek to extend that agreement with Mears.
- 1.2 The proposed interim fleet is intended to provide a stepping-stone from the current arrangement to the full fleet procurement. This will allow Officers adequate time to consider the service provision model and ascertain what our vehicle requirement will be going forward. The main challenges to an electric fleet are currently the availability of a range of vehicles and the available charging infrastructure. This interim Fleet will allow Officers time for the market to mature and the infrastructure be planned whilst still maintaining adequate transport for service provision.
- 1.3 This report seeks authorisation to replace the existing Housing Repairs and Maintenance vehicle fleet currently sub leased from Mears and other short-term hire agreements. We propose to replace the current Mears leased fleet with a 1-year Flexi Hire agreement via the Pretium Flexible Fleet Framework for 119 vehicles. This agreement will be for a minimum of 1-year and then can be extended on a monthly basis per individual vehicle and the same unit cost as the initial 1-year agreement.

- 1.4 As outlined with more detail in paragraph 3.9, the report also seeks authorisation to purchase 3 specialist drainage vehicles to include 2 Euro 6 diesel vans and 1 e-Vivaro electric vehicles.
- 1.5 The Council is committed to achieving its carbon neutral objectives by 2030. However, seeking to introduce electric vehicles at scale at this time would be problematic due to the current charging infrastructure and the mileage and model range of vehicles available. Officers have undertaken an interim review of the service vehicle requirements, including what size vehicles are required by operatives, based on current use and work patterns with the Housing Repairs & Maintenance team. This information has been used to put together the requirements for the Flexi Hire proposal and is included in paragraph 3.8. Officers also need to undertake a full review of our future working patterns to inform our future vehicle fleet needs and options available to enable the service to undertake more efficient delivery of our repairs and maintenance requirements, including 3,000 repair jobs each month.
- 1.5 This interim lease arrangement provides the service with a fleet of new, better quality and more sustainable vehicles (detailed in Section 7). This will replace the vehicles sub leased from Mears under the current waiver. Following the first year the vehicles under the interim lease agreement can be returned at short notice and without charge, which provides the flexibility required as we review the whole service vehicle fleet needs and develop our procurement options for electric vehicles to replace them.
- 1.6 We propose to lease six e-vehicles and purchase one specialist drainage e-vehicle. This will provide us with opportunity to evaluate the e-vehicles across a range of uses and trades. This evaluation will then be used to inform our future procurement. It is particularly important to accurately establish our charging need and the resulting infrastructure requirement. The lease framework we propose to enter have e vehicle options for small, medium and large vans. Following evaluation, we will be able to exchange diesel vehicles for e-vehicles as the infrastructure becomes available. The ability to change vehicles in this way will allow for a phased change to e vehicles.
- 1.7 Commercially the best approach to the main procurement for the fleet replacement would be to procure the whole fleet in a single activity. However as discussed, the market for e-vehicles is not yet mature and the current infrastructure is not available in the City. It is therefore more likely that a phased approach to procurement will be more appropriate. This lease proposal will allow flexibility to purchase vehicles when the need is clearly established, and infrastructure is in place.
- 1.8 The infrastructure requirement is key to moving this issue forward. Housing will work with Corporate Fleet colleagues and the freeholder of the Housing Centre to establish an infrastructure strategy using Housing land across the City.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee approve the proposal to lease an interim fleet of up to 119 vehicles for a period of a minimum of 1 year.

- 2.2 That Housing Committee agrees to purchase three specialist drainage vehicles, including associated fittings and equipment.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 At Housing Committee on 15 January 2021 Officers reported that the repairs service operated with a fleet of 107 vehicles which were sub-leased from Mears to enable the service to be brought in house on 1st April 2020 and so that future service needs and options to procure a more sustainable fleet could be explored, including the use of hybrid and electric vehicles. The fleet was rebranded with council branding from April 2020.
- 3.2 The current COVID19 public health emergency has significantly impacted on our ability to undertake a full review of service vehicle needs and progress a full options appraisal of procurement routes to greater use of hybrid and electric vehicles in line with our commitment to reach carbon neutral by 2030. The impact of the pandemic on the operation of the newly insourced Housing Repairs & Maintenance service has been reported at previous Housing Committee meetings.
- 3.3 The current fleet has been leased from Mears for a minimum of 1yr (from the 1st April 2020) with an option to extend for a further 2-year period. The Council has extended the agreement for 1 year until April 2021. The agreement allows for the Council to return vehicles with the extension period with a minimum of 30 days' notice. The Council can choose which, if any, vehicles to retain for that year.
- 3.4 The fleet sub leased from Mears has been supplemented by 25 vans on short term hire. These vehicles have been hired to provide vehicles for new staff and to replace vehicles from the existing fleet that have either been written off or are no longer roadworthy.
- 3.5 The current fleet leased from Mears has many vehicles registered in 2014 which have required investment to maintain and ensure reliability. To date Housing have spent £0.118m (2020/21) on maintenance, servicing and MOT activities. It is predicted by Corporate Fleet colleagues, with whom we have been in consultation with regarding our options and this proposal, that it is likely there will be a similar spend in 2021/22.
- 3.6 The calculated 1-year cost of the existing arrangement is approximately £0.630m. This includes the maintenance costs. The estimated costs of the new flexi-hire arrangements (excluding servicing and maintenance) and purchase of the 3 specialist vans (including fitting of drainage equipment) are £0.469m and £0.143m respectively.
- 3.7 The recommendation is to return the remaining sub-leased vehicles to Mears and replace with Flexi Hire Vehicles on 1-year minimum term and renewable monthly after that. For operational reasons it will be necessary to phase the return of the Mears vehicles over a period of 3 months. Mears have been notified of our intention to return 10 vehicles with effect from 1st April 2021 as these are currently not used or are in poor condition.

The further hand back dates will be dictated by the time scale of the procurement of the Flexi Hire Fleet.

- 3.8 In preparing this proposal Officers have analysed the vehicle needs of our service based on the current service delivery model. We have reduced the number of larger vans to those required to carry large sheet material. Therefore, we have increased the number of mid-size vehicles. The mid-size vehicle will accommodate most of the material requirements including larger items such as replacement baths. This will enable the service to reduce trips to suppliers which should see a reduction in miles travelled.

	Amount Required
Small Van- SWB courier type	29
Medium sized van - Vivaro/transit custom	82
Large Van LWB (Drainage)	3
Tipper Van	4
Caged tippers	4
Total	122

3.9 **Specialist Vehicles**

The Housing Repairs & Maintenance service has 3 specialist vehicles for drainage works which require modification and therefore make them less suitable for lease arrangements.

Each vehicle needs to be equipped with pressure drain cleaning equipment and generators. Internal modifications are required to accommodate this equipment. In addition, it is also necessary to section the vehicle to provide, clean and dirty compartments and provide hand washing equipment to satisfy Health and safety requirements. The estimated cost for fitting is £23,000 per vehicle. Due to their specialist nature it is proposed to purchase these vehicles.

The purchase of an e- VIVARO is a trial intended to give the service the opportunity to use an electric vehicle for an extended period under regular work conditions. The information this will give will better help establish the charging infrastructure required and the impact on how the service is delivered and any potential impact Out of Hours service.

- 3.10 It is proposed to purchase two diesel Transit Custom Vans at a cost of £37,626 each and one e-VIVARO electric van at a cost of £34,692. Two vehicles carry

the same equipment but for service improvement we would like to extend this to a third vehicle.

- 3.11 This report provides an interim option for a fleet replacement and is intended to provide a steppingstone to a permanent fleet replacement. The procurement of a permanent replacement for the current fleet is a significant piece of work and will need to address both the Service need and environmental impact of the fleet. Officers propose to work with Corporate Fleet colleagues on this and will be part of a wider Council plan to replace vehicles that in accordance with the Strategic Fleet Replacement Strategy.
- 3.12 Work on reducing the environmental impact of our fleet cannot be limited to vehicle procurement but will also require a review of the operation of the service to ensure that we have the right types and numbers of vehicles to provide a cost effective and high quality repairs service whilst meeting our Carbon reduction commitments. Officers propose to consult on and review the full range of options and alternatives that may be available for delivering our services in the future. In order to allow this consultation and review to be meaningful the aim of this paper is to secure an interim vehicle fleet position and move away from the existing Waiver.
- 3.13 Since April 2020 we have trialled both electric and hybrid vehicles in the service. Currently it is clear that the market is not mature enough to offer the range and type of vehicles that we the service will require. It is also clear that with current battery range the City's infrastructure is not adequate for the efficient running of an electric fleet of our size. However, the commercial market is changing at a significant pace and it is likely that suitable options may be available in the next twelve months.
- 3.14 There are currently too few charging points available in the city for a fleet of fully electric vehicles. Having more infrastructure to charge vehicles will make an electric fleet more feasible to run and at the required pace. However, the infrastructure will take time to install, and consequentially the short-term lease arrangement is required for the interim before a fully electric fleet can be realised. We will review a potential pilot of more electric vehicles on Flexi-Hire arrangements, one in each category, to see how they perform in practice. Alongside some potential piloting of charge points at Housing Centre. An alternative would be for the Council to identify a space where rapid charges could be installed (30 min charge) which could be used by Council Staff.
- 3.15 The current range of electric and hybrid vehicles cost on average £15,000 more than their diesel alternatives, against fuel, maintenance, and tax savings of £2132 per vehicle per year. Based on feedback from road tests carried out by operatives, electric vehicles do not offer some of the necessities required, such as load weights, vehicle sizes, and specifications.

- 3.16 The proposal is to utilise the flexibility of the interim proposal enables time for more consideration of options and service requirements in relation to the main fleet procurement. This will allow for improvements in infrastructure (i.e. more charge points and in more strategic locations) and advances in vehicle technology (greater choice and of vehicles with further ranges), which will enable the main fleet to be more sustainable in line with our carbon neutral targets. The vehicles acquired under the interim lease arrangement could have their leases extended in line with this plan.

ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 In coming to this recommendation, alternative options have been considered, [
- 4.2 Retain the current Mears Fleet and supplementary short-term hire vehicles. Considerations include:
- The agreement with Mears finishes in April 2023. Therefore, there may not be adequate time for the main procurement exercise to be completed before the agreement expires unless a diesel fuelled fleet is considered.
 - The existing fleet is more expensive than the proposed flexi hire fleet
 - Owing to age, the existing fleet is expensive to maintain and inefficient.
- 4.3 Enter into a longer-term Lease agreement. This is a viable option and could offer similar costs savings. However typical commitments are for 3 to 5 years and this would delay the transfer of the fleet to a more sustainable fuel source and lock the Council into a commitment to vehicle types and numbers based on the current service model and not allow any benefits from re modelling to be realised without a financial penalty.
- 4.4 The outright purchase of a fleet is potentially more financially beneficial than a longer-term lease. This is particularly the case when considering the resale value of a vehicle after three years. However, this model would again need to be based on the current market which is predominantly diesel-powered vehicles and would not contribute to our environmental commitments. This option would also require expenditure in excess of £2million.
- 4.5 Alternative short-term lease options have been investigated by Corporate Fleet colleagues and the Pretium Flexible Fleet Framework is the most financially advantageous and provides the vehicle range that we require.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 This report provides an interim option for a fleet replacement and is intended to provide a steppingstone to a permanent fleet replacement. The procurement of a permanent replacement for the current fleet is a significant piece of work and will need to address both the Service need and environmental impact of the fleet. In moving toward permanent fleet replacement we also will develop and agree a

methodology for engagement and consultation so we can review and share learning from the vehicles trialled so far (3.13) and the proposed pilot.

6. CONCLUSION

- 6.1 In conclusion, the current fleet is inefficient and expensive to maintain and requires replacement.
- 6.2 Time is also required to review the service model and organisation to ensure that it meets our commitment to tenants and residents in conjunction with our environmental commitments.
- 6.3 With the current limited availability of electric vehicles and limited infrastructure in the City Officers believe that the best option for the service is the proposed flexible hire arrangement outlined in this paper.
- 6.4 The recommendations of this report will allow the following benefits to be realised:
- An improved fleet at a lower cost than our existing arrangement, under a compliant contract.
 - Improved environmental standards across the fleet against the current arrangement.
 - Flexibility to increase or decrease fleet size with no financial penalty.
 - Reduced cost on vehicle maintenance and less vehicle downtime for the repairs and maintenance service.
 - Time to consider the requirements of moving to an electric fleet and identifying the infrastructure required.
- 6.5 This proposal is for 1 year, but this can be extended if required for up to a further year at the end of this agreement if additional time to complete the main procurement is required

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

The estimated costs of the new flexi-hire arrangements (excluding servicing and maintenance) and purchase of the 3 specialist vans (including fitting of drainage equipment) are £0.469m and £0.143m respectively. These costs will be funded from within approved Repairs & Maintenance fleet budgets.

Vehicle running costs will also be met from within the approved Repairs & Maintenance budgets for servicing, maintenance and fuel.

Finance Officer Consulted: Michael Bentley

Date: 02/06/2021

7.1 Legal Implications:

The proposals outlined in the report are to use a framework agreement. This satisfies the requirements of the Council's Contract Standing Orders and the Public Contracts Regulations 2015.

7.2 Equalities Implications;

Contractors will be expected to carry out their works in line with the Council's Fair & Inclusive action plan.

7.3 Sustainability Implications:

7.3.1 Euro 6 diesel engines were introduced towards the end of 2015. The Euro 6 standard aims to reduce the quantity of harmful exhaust emissions, including nitrogen oxides, carbon monoxide, hydrocarbons, and other particulate matter. Leasing vehicles with Euro 6 diesel engines will reduce these harmful emissions by up to 67% in some cases.

7.3.2 At present, there are 54 vehicles in the fleet that are using an older engine than Euro 6. These older engines produce up to 180mg/km of nitrogen oxide emissions, which equates to 162.75kg of NOx per year. Euro 6 engines dictate no more than 80mg/km of nitrogen oxide can be emitted, which would cut emissions down to 72.33kg per year; more than half of the older vehicles.

7.3.3 Similarly, these 54 vehicles have fewer restrictions on hydrocarbon emissions (230mg/km). These vehicles may produce 207.96kg of hydrocarbons each year. Whereas new Euro 6 engine vehicles with stricter emission standards (170mg/km) may produce 153.71kg per year, which again is a significant reduction of over 50 kg.

7.3.4 These interim arrangements will allow more time for the council to plan towards meeting its' carbon neutral target by 2030 i.e. more infrastructure (electric vehicle charging points) will be in place and the vehicle product range (variations and distances covered) will have improved. This will enable a much higher proportion of vehicles to be carbon neutral when the main vehicle procurement exercise takes place, which is planned to commence by September 2022. It is expected that, for any vehicles for which there is not a sustainable alternative by this time, there will be one before 2030 and the vehicle will be replaced accordingly.

7.4 Procurement Comments,

7.4.1 Procurement of the fleet requirements identified in this paper would be carried out according to the Council's Contract Standing Orders (CSO), specifically CSO 7: Framework Agreements.

7.4.2 A comparison of compliant frameworks that provide a Flexi-Hire arrangement, demonstrated that that the Pretium Framework offers the best value option for the short-term lease of up to 119 vehicles. A cost comparison between Pretium and the ESPO equivalent framework, which included hire and mileage costs, showed yearly Pretium costs as £42,818 less than those the ESPO framework.

7.4.3 Further Procurement Options for an Interim Fleet were presented to the Procurement Advisory Board (PAB) on the 14th June.

7.4.4 Procurement Advisory Board agreed the following recommendations to be made to Housing Committee.

- The proposal to lease an interim fleet of up to 119 vehicles for a period of a minimum of one year.
- The purchase of three specialist drainage vehicles, including associated fittings and equipment.
- A paper to be presented to PAB in the autumn of 2021 and spring of 2022, identifying the progress with infrastructure planning and the number of electric vehicles in the Repairs & Maintenance fleet.

SUPPORTING DOCUMENTATION

Appendices:

Procurement Advisory Board report.

Appendix 1

