

**Executive Board – 16 June 2020**

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|---|---|
| <b>Subject:</b>   | Electric Van Experience Project   |
| <b>Corporate Director(s)/Director(s):</b>   | Chris Henning, Corporate Director of Development and Growth   |
| <b>Portfolio Holder(s):</b>   | Councillor Sally Longford, Deputy Leader and Portfolio Holder for Energy, Environment and Democratic Services   |
| <b>Report author and contact details:</b>   | Rasita Chudasama, Principal Transport Planner<br><a href="mailto:rasita.chudasama@nottinghamcity.gov.uk">rasita.chudasama@nottinghamcity.gov.uk</a> , Tel: 01158763938                      |
| <b>Subject to call-in:</b>  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |
| <b>Key Decision:</b>  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |
| <b>Criteria for Key Decision:</b>   |   |
| <b>(a)</b>  | <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision |
| <b>and/or</b>   |   |
| <b>(b)</b>  | Significant impact on communities living or working in two or more wards in the City<br><input type="checkbox"/> Yes <input type="checkbox"/> No  |
| <b>Type of expenditure:</b>   | <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital  |
| <b>Total value of the decision:</b>   | £2.690million   |
| <b>Wards affected:</b>  | Citywide  |
| <b>Date of consultation with Portfolio Holder(s):</b>   | 1 May 2020  |
| <b>Relevant Council Plan Key Theme:</b>   |   |
| Nottingham People   | <input type="checkbox"/>  |
| Living in Nottingham  | <input checked="" type="checkbox"/>   |
| Growing Nottingham  | <input checked="" type="checkbox"/>   |
| Respect for Nottingham  | <input type="checkbox"/>  |
| Serving Nottingham Better   | <input type="checkbox"/>  |
| <b>Summary of issues (including benefits to citizens/service users):</b>  |   |
| <p>In February 2020, the Council was successful in securing £2.690 million from the Highways England air quality fund to introduce an electric van experience. The experience project will offer a fleet of 50 battery electric vehicles to businesses over a two year period until March 2022. Following the initial two year loan period the vehicles purchased as part of the project will be incorporated into the Council's municipal fleet.</p> <p>As part of the Go Ultra Low Programme, the Council had been successfully delivering an Ultra Low Emission Vehicle (ULEV) experience to businesses in Nottingham, enabling them to trial ULEVs in their fleet. The project offered up to one month loans from a fleet of 10 electric cars and vans. The programme delivered 75 loans to 41 organisations across Nottingham to encourage the take up ULEVs. The funding for this project finished 31 March 2020.</p> <p>Successful delivery of this project will contribute to air quality improvements on the Strategic Road Network and major roads across the city and will contribute towards Nottingham's carbon neutral 2028 objectives.</p> <p>A Leaders Key Decision was approved in March 2020 (decision 3842) to accept the 2019/20 grant allocation of £2.690million Highways England funding. The purpose of this report is to secure approval to deliver the project in full.</p> |   |
| <b>Exempt information:</b>  | None.   |

| <b>Recommendation(s):</b> |   |
|---------------------------|---|
| <b>1</b>                  | To approve the project allocations as set out in Table 1 of Appendix A of this report.  |
| <b>2</b>                  | To approve initiation of procurement activities for the Highways England funding, as set out in Table 1 of Appendix A, and delegate authority to the Corporate Director for Commercial and Operations to appoint preferred suppliers and contractors to deliver this project. |
| <b>3</b>                  | To approve the initial purchase of the battery electric vehicles and for Nottingham City Council to absorb the vehicles into municipal operation post March 2022.   |
| <b>4</b>                  | To delegate authority to the Corporate Director for Commercial Services in consultation with the Deputy Leader/Portfolio Holder for Energy, Environment and Democratic Services to make variations to the programme.  |

## **1 Reasons for recommendations**

- 1.1 In autumn 2019, the Council was invited by Highways England to submit a proposal for funding which would reduce vehicle emissions through their Air Quality Fund. Highways England were particularly encouraged by the Council's existing Workplace Travel Service and invited the Council to submit a proposal which would help encourage the transition of vans, and fleet vehicles more widely, to lower emissions on the local and strategic road network across Nottingham and Derby. The Council was subsequently successful in securing £2.690 million capital funding from Highways England to expand its Ultra Low Emission Vehicle (ULEV) experience project to a new electric van experience, taking on learning from the Leeds Van Demonstrator project, also funded by Highways England.
- 1.2 The electric van experience project will offer business and public sector organisations the opportunity to trial an electric vehicle for a period up to three months for free as a 'try before you buy' service. Vehicles will be offered fully insured by the Council's existing fleet insurance provider. The experience will be offered through the Council's current Workplace Travel Service which has successfully forged links with a wide variety of public, voluntary and private sector businesses and organisations:
- 1.3 The project comprises the following elements:
- A fleet of 50 battery electric vehicles for businesses to trial until March 2022, after which the vehicles will be absorbed into the Council's municipal fleet
  - A new vehicle management system will be procured to allow for the efficient booking and management of the fleet to a wide range of businesses
  - A telematics system will be introduced to provide real-time data on vehicle usage, mileage, wear and tear and battery performance
  - Contribution to the creation of electric vehicle charge point hubs at Eastcroft Depot and Woolsthorpe Depot where these vehicles will be stored
  - Contribution to the Workplace Travel Service grants to offer charge point facilities at businesses trialling the electric vehicles.
- 1.4 The project will initially target Nottingham based businesses, with the potential to grow to cover Nottinghamshire and Derby, as part of the Transforming Cities/Future Transport Zone programme opportunities.

- 1.5 The operation of the trial fleet will be carried out via the Council's newly constructed Nottingham Electric Vehicle Service centre (based at Eastcroft Depot). This will include valeting/cleaning of vehicles, electricity costs for charging, storage (when vehicles are not out on loan), expert follow up advice with the fleet technicians and aftercare of the vehicles (such as any necessary servicing, maintenance and repair of vehicles outside of their warranty). The centre will act as the front of house delivering vehicle handovers, training and support for participating businesses for the duration of the trial. Once the trial has ended, many follow up services e.g. vehicle purchase, specialist advice on charge point installation and aftercare services could also be provided.
- 1.6 Further details of the individual project elements to be delivered, their proposed procurement, and specific budget are set out in Table 1 of Appendix A.
- 1.7 The project will support sustainable growth and significantly contribute to the Council's carbon neutral plan and local air quality plan objectives, alongside providing wider benefits to the Highways England controlled Strategic Road Network. This project is consistent with the government's local transport restart programme. Delivery of the project will take full account of the latest government guidance on social distancing and cleaning of vehicles in response to COVID-19.
- 1.8 Highways England awarded this funding before the end of the 2019/20 financial year. To meet their timescale, approval to accept this funding was secured through a Leaders Key Decision (decision number 3842) and the funding was paid in full to the Council on 31 March 2020.
- 1.9 Delivery of this project will utilise existing resources where possible however given the potential reach of the project, additional posts may need to be recruited. Regular reporting to Highways England and sharing of findings at the end of the project will also be required.

## **2 Background (including outcomes of consultation)**

- 2.1 In autumn 2019, the Council was invited to submit a proposal to the Highways England Air Quality Fund for projects to be delivered between January 2020 and March 2022. The Fund objectives are to deliver a cleaner network and improve health. Projects could include ideas which tackle vehicle emissions and supported local authority air quality plans. Details of the fund can be found at: <https://highwaysengland.co.uk/designated-funds/our-funds/air-quality-fund/>
- 2.2 The Council submitted a proposal which would build on its previous ULEV experience phase (funded through the Go Ultra Nottingham programme), which offered cars and vans to businesses, to grow to a larger more specialist fleet of vehicles, primarily electric vans.
- 2.3 Following on from a proposal submitted to Highways England in December 2019, the Council was awarded funding in March 2020 for the project.

### 3 Other options considered in making recommendations

- 3.1 Two alternative options to those recommended were considered. The first was to reject the funding award and the second was to vary the proposals from those submitted in the bid.
- 3.2 The funding will build on the successful delivery of the first phase of the ULEV experience already implemented as part of the Go Ultra Low Nottingham programme. The option to refuse the grant funding was rejected as this would mean the council is unable to deliver the project, which would not be in the interests of businesses and would not deliver the longer term benefits to the Council's fleet services at Eastcroft.
- 3.3 The option to vary the proposal was rejected to ensure the Council remains compliant with the terms and conditions of the funding award. Both options would potentially adversely affect the Council's reputation as a national leader in local transport delivery.

### 4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 Delegated Decision 3842 in March 2020 accepted the Highways England Grant capital funding of £2.690m and set out how this would be spent to deliver the Electric Van Experience project (see Table 1). The grant was received at the end of the 19/20 financial year.

| <b>Item of Capital Expenditure</b> | <b>Budget</b>     |
|------------------------------------|-------------------|
| Electric Vehicles                  | £2,170,000        |
| Vehicle telematics                 | £80,000           |
| Electric vehicle charging hubs     | £200,000          |
| Charge point infrastructure grants | £140,000          |
| <b>Total (Capital funding)</b>     | <b>£2,690,000</b> |

- 4.2 The grant funding will be spent on purchasing approximately 50 electrical vehicles to be loaned to businesses free of charges for a 2 year period until March 2022. At the end of the 2 year loan period of the grant, the electrical vehicles will form part of Nottingham City council's fleet. The grant can only be used for the delivery of the project as outlined in the bidding stage unless written agreement is received from Highways England.
- 4.3 Nottingham City Council (NCC) is required to make a match funding contribution of £1.000m (Table 2), which is to be provided from within current resources across both D&G and C&O departments and requires no new funding.

| <b>Table 2</b>  |                   |
|---|-------------------|
| <b>Item of Resource Expenditure</b>   | <b>Budget</b>     |
| ULEV procurement staffing incl legal, procurement, strategy and technical resources | £60,000           |
| Programme Management staffing   | £130,000          |
| Project Management staffing   | £250,000          |
| Support to provide promotional activities and monitoring and evaluation activities  | £40,000           |
| NEVS aftercare and technical support  | £350,000          |
| Insurance Policy cover  | £170,000          |
| <b>TOTAL</b>  | <b>£1,000,000</b> |

- 4.4 Where NCC intends to apply to a third party for other funding to go towards the project, Highways England will need to be notified in advance and provide information on amount, source and purpose of additional funding.
- 4.5 Parking and Fleet (C&O) and Transport Strategy (D&G) will jointly undertake the procurement of the battery electric vehicles, electrical vehicle charge point hubs, vehicle insurance and the new vehicle management booking system and must ensure value for money is obtained. If applicable, the procurement route must comply with the requirements of the European Union procurement directives and Treaty obligations.
- 4.6 Should any part of the funding remain unspent at the end of the Funding Period as indicated in the grant agreement to be 31st March 2023, NCC will be required to return any unspent monies to Highways England.
- 4.7 Appropriate monitoring and evaluation against the delivery plan will need to be undertaken by the Project Manager to ensure that the aims and objectives of the project are being met.
- 4.8 NCC will be required to report to Highways England on progress made on achieving the milestones outlined in schedule 2 of the grant funding agreement. Monthly reporting on progress will need to be submitted to Highways England in the form of a financial and operational report on use of grant funding and delivery of the project

Susan Tytherleigh, Finance Business Partner. 27.05.20

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 This report seeks authority to purchase electric vans and to install charging points utilising grant funding from Highways England on the City Council's Electric Van Experience Project. Provided the procurement of the vehicles is carried out in accordance with the Public Contracts Regulations 2015 and the City Council's Financial Regulations the proposal to purchase the electric vans does not raise any significant legal issues. It is stated that the intention is to use the City Council's ULEV vehicle framework. That framework is due to be awarded later this year following an advertisement and procurement process in accordance with the Regulations.

The proposal to include a telematics system in the vans including in-car cameras must be discussed with the City Council's Data Protection Officer

and it will be necessary to prepare a Data Protection Impact Assessment before the system can go live.

The project also includes the installation of van charging posts at businesses. This is a benefit to businesses which may give rise to the potential for state aid. This issue needs to be discussed with the report author and Legal Services so that a compliant approach can be adopted and the available exemptions can be considered.

Andrew James, Team Leader, Commercial, Employment and Education.  
27/05/20

- 5.2 Procurement colleagues will assist with any tendering exercises to ensure we enter into fully compliant, value for money contracts.'

Paul Ritchie, Procurement Manager. 27/05/2020.

## **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 Not applicable

## **7 Social value considerations**

- 7.1 Local suppliers will be notified of any tendering opportunities that may arise from the acceptance of this funding and delivering the programme

## **8 Regard to the NHS Constitution**

- 8.1 Not applicable

## **9 Equality Impact Assessment (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

The project relates to a change in alternative fuel vehicles so there are no significant benefits or disbenefits to protected equality groups

Yes

## **10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

- 10.1 None.

## **11 Published documents referred to in this report**

- 11.1 The Leaders Key Decision to accept the initial funding allocations on 31 March is published at:

<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5181>

- 11.2 The Delegated Decision to create the Nottingham Electric Vehicle Services Centre is published at:

<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=4884>