

Operational Decision Record

Publication Date 04/03/22	Decision Reference Number 4547
Decision Title	
Sale of three NCC London Electric Vehicle Company (LEVC) Electric Taxis	
Decision Value	
£92,500 as a one-off net income through the sale of the taxis	
Revenue or Capital Spend?	
N/A	
Department	
Growth and City Development	
Contact Officer (Name, job title, and contact details)	
Peter Saunders, Senior Transport Planner 0115 8765640	
Decision Taken	
Approve the sale of three electric taxis to Marshall Volvo Nottingham previously used in the Nottingham Electric Taxi Trial to support clean air benefits.	
Reasons for Decision and Background Information	
<p>In 2018 the Council secured Defra Early Measures funding to establish the Electric Taxi Trial and support the city achieving air quality compliance as part of our Ministerial Direction. The age and emissions of existing licenced hackney taxi's was highlighted as a source of emissions affecting Nottingham's air quality.</p> <p>Funding was used to create the innovative taxi trial service, enabling drivers to experience first-hand the operational and financial advantages of switching to electric cabs. At the time, the London Electric Vehicle Company (LEVC) manufactured the only hackney taxi that met the Council's Age and Specifications Policy as a licensed vehicle. With the Defra funding the Council purchased three LEVC Tx hackney taxis. Over subsequent years the service has grown in popularity. To meet demand and, using additional Defra funding, the Council extended the taxi trial. We now have 9 licenced hackney taxis supporting drivers to make the switch.</p> <p>In 2022/23 the original Defra funding ends and no further source of financial support is available for the maintenance and upkeep (servicing, MOT, licencing) of the vehicles which would otherwise result in a pressure for the Council.</p>	

This report proposes the sale of three of its oldest, '68 plate, LEVC hackney taxis. The vehicles have depreciated sufficiently to provide a fair resale value to local drivers.

The capital receipt through the sale of these taxis will be returned to the Council's Vehicle Replacement Programme budget. This will allow for the purchase of electric vehicles continuing to support the Ministerial Direction for air quality which the Council is under and help reduce carbon emissions, thus contributing to our Carbon Neutral 2028 plan.

It is proposed to sell the vehicles to the local LEVC dealership, Marshall Volvo, specialists in the sale of new and used LEVC taxis. A key advantage is that Marshall's will prioritise sales to licenced Nottingham hackney drivers, retaining the asset in the city, which will continue to provide air quality and carbon benefits locally. Marshall's also have considerable local market knowledge as they have been managing the taxi trial, which increases the prospect of keeping the vehicles, and therefore the clean air benefits in Nottingham. Prior to resale Marshalls will invest in a three year extended warranty for each vehicle, enhancing the value to local drivers.

Other Options Considered and why these were rejected

Selling taxis by auction. This option was rejected. In particular, the Council originally secured Government grant funding to purchase the taxis to deliver local air quality improvements. The sales of taxis through auction is less likely to lead to the taxis being retained in Nottingham. The financial return from the sale of specialist vehicles like these sold through auction is more unpredictable.

Reasons why this decision is classified as operational

This decision relates to the electric taxi trial already operating which was subject to a previous decision to establish the service. This decision relates to the sale of three of the oldest LEVC taxis due to a surplus of vehicles. Constitutional Services confirm the income value is within the threshold defining it as an operational decision.

Additional Information

Previous decision DDM (3264) approved the acceptance of Defra Early Measures Funding supporting the introduction of an ULEV taxi trial service

DDM (3463) supported the expansion of the taxi trial service.

As part of the agreement of sale, Marshall Volvo will focus on prioritising Nottingham hackney taxi drivers when selling them on. Already Marshall's have highlighted a number of Nottingham drivers ready to buy a used electric taxi.

Additional Consultations:

Finance

As the forecast receipt per vehicle is greater than £10k the Council is required to treat each disposal as a capital receipt. Therefore, as defined in the Capital Strategy the capital receipts within this decision is to be classified as a corporate receipt and used to fund the Council's Capital Programme.

The corporate funding requirement of the Capital Programme includes £3.0m per annum for the Vehicle Replacement Programme and this receipt will be used as part of the secured receipts to fund the wider Capital Programme.

The project manager is required to ensure the Council is able to dispose of the vehicles without triggering conditions within the original grant used to purchase the taxis.

Advice provided by Tom Straw (Senior Accountant Capital Programmes) on 07/02/2022.

Legal

Subject to there being no specific prohibition on selling the vehicles or requirements on how to utilise the receipt from the sale then there are no significant legal issues arising from this decision. The Council should ensure that the vehicles are disposed of on a 'sold as seen' basis with no warranties provided.

Advice provided by Naomi Vass 11/02/2022.

Procurement

This decision is an income generating one and does not have any significant procurement concerns and is supported.

Advice provided by Paul Ritchie (Procurement Manager) on 03/02/2022.

Portfolio Holder

Cllr Longford was briefed on the sale of the three electric taxis at the Air Quality Board in January.

Decision Maker (Name and Job Title)

Corporate Director, Growth and City Development

Scheme of Delegation Reference Number

1

Date Decision Taken

01/03/22