

EXECUTIVE BOARD – 22nd May 2018

Subject:	Nottingham City Council Ultra Low Emission Vehicles (ULEV) Fleet Project
Corporate Director(s)/Director(s):	David Bishop – Corporate Director of Development & Growth Andy Vaughan – Corporate Director of Commercial & Operations Zahur Khan – Director of Traffic & Transport Dave Halstead – Director of Neighbourhood Services
Portfolio Holder(s):	Councillor Dave Liversidge – Portfolio Holder for Transport and HR Councillor Sally Longford, Portfolio Holder for Energy and Environment
Report author and contact details:	Rasita Chudasama, Principal Transport Planner, rasita.chudasama@nottinghamcity.gov.uk , 0115 8763938. Jason Gooding, Head of Parking, Fleet and Transport, jason.gooding@nottinghamcity.gov.uk , 0115 87664092.
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a) <input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision: £2,815,000	
Wards affected: All	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>Nottingham City Council has been successful in securing grant funding from Department for Transport and DEFRA's Joint Air Quality Unit (JAQU) Early Intervention Fund to reduce nitrogen dioxide levels to support improvements in local air quality.</p> <p>The purpose of this report is to secure approval to accept the external grant award, which will enable Nottingham City Council to introduce a number of specialist Ultra Low Emission Vehicles (ULEVs) in to the Council's fleet, alongside £1.320m from the Council's Vehicle Replacement Plan (VRP) capital budget. These vehicles will be deployed in the City Centre and along the Ring Road, offering immediate air quality improvements and helping the Council to reduce operational costs to its fleet.</p> <p>The grant will be used to fund the gap between the conventional vehicle costs identified in the Council's VRP and the higher initial purchase costs of their ULEV equivalent and secure the necessary resources to deliver the Council ULEV fleet transition. A number of specialist heavy duty vehicles have been identified for replacement, which will provide the Council the opportunity</p>	

to trial emerging technologies, helping to deliver the business case to the long term investment in a ULEV fleet. To further support this trial, a new framework for future procurement for the supply of ULEV vehicles will also be created to enable best value to be achieved in future ULEV procurement and enable Nottingham to lead and support other Local Authorities in their journey to switch to ULEV fleets.

To support the Councils increasing expansion of its ULEV fleet to meet its Go Ultra Low City ambitions, the grant will also provide the necessary investment in infrastructure and technology to enable the Council to service and maintain these vehicles and establish Nottingham City Council as Centre of Excellence for ULEV services.

Exempt information: State 'None' or complete the following

None

Recommendation(s):

- 1** To accept the external Joint Air Quality Unit grant award to contribute to the replacement of Nottingham City fleet vehicles from diesel to Ultra Low Emission Vehicles and to delegate authority to the Corporate Director of Development & Growth to sign the grant agreement;
- 2** To approve the project allocations as set out in Table 1 and Table 2 in Appendix A to the report;.
- 3** To delegate authority to the Corporate Director of Commercial & Operations to make variations to the delivery programme, where necessary;
- 4** To approve setting up a new procurement framework for the supply of fleet vehicles for Nottingham City Council and other Local Authorities and to award call-off contracts under the framework;
- 5** To approve the initiation of procurement activities, and delegate authority to the Corporate Director of Commercial & Operations to appoint preferred suppliers for the supply of fleet vehicles following the completion of appropriate procurement tendering activity.

1 REASONS FOR RECOMMENDATIONS

- 1.1 Acceptance of the grant funding will support the City to meet the Council Plan objectives around air quality and carbon reduction to achieve air quality improvements, and will contribute to the City Council's aspirations for becoming a Low Emission City.
- 1.2 The funding will enable the number of ULEVs on the City's fleet to be increased, enhancing the current Vehicle Replacement Programme, and delivering significant operational cost savings and improved air quality.
- 1.3 The procurement activities to appoint external providers will enable the Council to commence project delivery. To enable best value to be achieved in future ULEV procurement, a new ULEV procurement framework is to be established for the purchase of vehicles by Nottingham City Council. The purchase of these vehicles was approved by Executive Board as part of the Councils Vehicle Replacement Programme in October 2017, therefore there is no value attached to the creation of the framework in this decision. This framework could also be

used by other Local Authorities to support them in their journey to switch to ULEV fleets.

1.4 The Council's aspirations to be a leading Go Ultra Low city will be further complemented by this grant by:

- Establishing NCC as leader – with the largest fleet of ULEVs of any local authority in the country
- Creating a ULEV one stop shop for service, maintenance and repair activities, generating jobs in an emerging sector through Apprenticeships up to fully accredited Fleet Technicians and income to the Council
- Set up servicing centre for other organisations' fleet (including the proposed NCH ULEV fleet) and establishing new commercial income generating business and partnership opportunities.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 Nottingham City Council, in partnership with Nottinghamshire County Council and Derby City Council, is one of four cities in the UK to be awarded funding as a 'Go Ultra Low City' to introduce measures that will support the uptake of ULEVs across the local area. Together the three authorities will benefit from £6.120million of investment, which will help Nottingham City Council maintain its position as one of the leaders in local integrated transport delivery, and make Nottingham exemplary for ULEVs.

2.2 The funding is being used to deliver a range of measures including:

- Introduction of a new public network of charging infrastructure, including provision at key public transport interchanges
- Delivering a support package to encourage businesses to take up ULEVs
- Supporting public sector organisations to convert their fleet to ULEVs
- Contribute towards the creation of a Bus lane giving an exemption to ULEVs (linked to the Daleside Road Improvement Scheme)

2.3 In 2016, Nottingham City Council commissioned an independent fleet review of the Council's fleet vehicles, to support the development of the Vehicle Replacement Programme, and to understand the opportunities for adopting ULEVs into the Council's fleet.

2.4 The review concluded that there was a financial case for switching cars and small vans to ULEV. However, whilst ULEVs offer the Council savings over the lifetime of the vehicle, there is a premium upfront cost to purchasing the vehicles themselves. Following the review the Council has been able to utilise Go Ultra Low funding to support the price differential between conventional diesel and ULEV, and to date has purchased and introduced 37 ULEVs into the fleet. In addition to these, a further 120 vehicles have been identified to be replaced with ULEVs in the period to 2020 as part of the Go Ultra Low Programme.

- 2.5 DEFRA and the Department for Transport (DfT) have established the Joint Air Quality Unit (JAQU), which aims to deliver national air quality plans to reduce levels of nitrogen dioxide in 5 cities by 2020, including Nottingham.
- 2.6 In December 2017 JAQU launched the Early Intervention Fund to support local authorities in England to reach legal nitrogen dioxide compliance in the shortest time possible.
- 2.7 In March 2018, it was announced that Nottingham City Council had been successful in securing a grant award to contribute to a £2.8m project to enable the Council to switch a priority list of fleet vehicles from diesel to ULEV, with a focus on the Council's heavy fleet, which are the main contributors to local pollution. The specialist vehicles selected for replacement with ULEVs are:
- Up to 10 Electric Sweepers
 - Up to 15 Electric Cage Tippers
 - Conversions of 3x 18t Refuse Collection Vehicles to electric
 - 1 fully electric 26t Refuse Collection Vehicle
- 2.8 As with the Go Ultra Low City funding, the grant would be used to bridge the gap in the initial purchase price between the conventional diesel vehicle and their ULEV alternatives. Funding will also be used to recruit a Fleet Environmental Manager and Data Analyst within the Parking Fleet and Transport team to 31 March 2020 to assist in the management of the ULEV fleet and data monitoring requirements to JAQU and OLEV.
- 2.9 As well as providing operational efficiencies, the vehicles selected for the project operate within the City boundary and along the Ring Road on a daily basis, and their replacement will allow for immediate air pollution benefits to be realised as soon as the ULEVs are introduced.
- 2.10 There are currently less alternative vehicles available for the more specialist fleet vehicles and this project will allow the City Council to trial these in advance of them being universally available. This will provide valuable insight for the Council to understand how ULEVs can be incorporated into the heavy fleet, and will help deliver the business case for future investment. In addition, the project outputs can be shared with other local authorities, healthcare providers and public sector organisations.
- 2.11 Given the specialist nature of the vehicles, not all manufacturers are represented on existing local authority frameworks e.g. Crown Commercial Services or ESPO currently limit the purchase of ULEVs. It is proposed to develop a new framework through which the Council can procure ULEV vehicles.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Two options to (1) reject the funding award and (2) vary the proposed vehicle replacement programme from those submitted in the funding bid were considered. The option to refuse the grant funding was rejected, as it would mean the Council would be unable to introduce the specialist fleet vehicles, which will provide an immediate contribution to improving air quality in the City for which the funding was awarded. The option to vary the vehicle replacement

programme was rejected to ensure the City Council remains compliant with the grant funding award.

- 3.2 The Council would also miss the operational efficiency and financial savings that would be delivered with the introduction of the new vehicles, and the opportunity to accelerate the conversion of its specialised heavy fleet. By piloting the trial to convert the heavy fleet, Nottingham City Council will be able to provide essential data to other Local Authorities, helping establish Nottingham as an exemplar for ULEV, and demonstrating the Council's commitment to lead by example.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The grant outlined in the report from the Department for Transport and DEFRA's Joint Air Quality Fund of £1.495m has been received by Nottingham City Council.

The capital budget for the Vehicle Replacement Programme was approved in October 2017 and £1.320m of this budget will be used alongside the grant to fund the works outlined in this report.

All grant conditions must be adhered to and appropriate monitoring and reporting of the spend on the scheme must be provided to the Director of Traffic and Transport on a quarterly basis.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The City Council must ensure it complies with the terms of the grant funding agreement with DFT/JAQU. The City Council should include clawback provisions in its agreements with suppliers to enable it to recover funds where the City Council has to repay any of the grant as a consequence of default by the supplier. The Legal Services team will provide support and advice as necessary to the Procurement and Transport teams. Legal advice provided by Andrew James, Team Leader (Contracts and Commercial)

- 5.2 Procurement Colleagues will support all of the tendering exercises that will be required as part of this project to ensure that fully compliant value for money contracts are entered into.

Procurement advice provided by: Paul Ritchie, Lead Procurement Officer, 24/04/2018.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

7.1 N/A

8 REGARD TO THE NHS CONSTITUTION

8.1 N/A

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:
(Please explain why an EIA is not necessary)

An EIA is not required in this case as there is no change to policies, function or services.

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 JAQU grant award letter dated 22 March 2018.

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1