

REPORT TO	ON
CABINET	19 June 2019



TITLE	PORTFOLIO	REPORT OF
Replacement of Civic Car	Leader of the Council	Assistant Director of Neighbourhoods

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>No</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>No</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 This report seeks Member's approval to purchase a replacement civic car with a greener alternative vehicle.

## 2. PORTFOLIO RECOMMENDATIONS

That Cabinet approve:

- 2.1 The outright purchase of a suitable hybrid / petrol vehicle to replace the existing vehicle;
- 2.2 An increase in the current Capital Budget provision from £30,000 to £37,000 to procure a suitable vehicle.

## 3. CORPORATE PRIORITIES

- 3.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
--------	--

## 4. BACKGROUND TO THE REPORT

- 4.1 The Council currently utilises a Rover 75 as the civic car this was first registered in March 2005 and is now in excess of 14 years old. The Rover Car Company went into

administration in April 2005, shortly after the purchase of the vehicle this has meant that in recent years obtaining certain spare parts in order to carry out servicing and repairs has become more difficult.

- 4.2 The Rover has over the years proved to be relatively reliable, although in recent years it has been unavailable on two occasions at short notice due to breakdowns and a number of wear and tear issues have been reported, although these have been repaired as and when they are identified.
- 4.3 The Council has recently introduced a new Air Quality Action Plan to address the increasing concerns relating to air quality throughout the borough. The Council has a legal responsibility to work towards achieving the air quality objectives identified within the plan. Actions identified within the plan require the replacement of the Civic Car with an electric or low emission vehicle.
- 4.4 A budget of £30,000 has been allocated as part of the Capital Vehicle Replacement programme

## **5. PROPOSALS**

- 5.1 In line with the Air Quality Action Plan consideration has been given to an electric or petrol hybrid salon car as a replacement.

### Electric Vehicles

Currently the range of suitable vehicles that fall within the available budget is limited, it is felt that the majority of vehicle available at present are too small to be considered as a Civic Car.

### Hybrid Vehicles

There are a number of hybrid vehicles available which would prove suitable as a replacement for the Civic Car, however given the current concerns relating to the use of diesel engines and the resulting increase in air pollution, it suggested that it is best to consider petrol hybrids at present.

There are two varieties of hybrid vehicles, these are hybrid vehicles (HEV) in which the batteries charge as the vehicle is used, with a petrol engine providing the main power source using the electric motor to compliment the petrol engine. And plug in hybrids (PHEV) in which the electric motor is the main power source and the petrol engine is used to complement the electric motor and extend the range.

Should an electric or plug in hybrid (PHEV) option be chosen this will require access to a suitable charging point, four charging points have now been installed on the rear car park of the Civic Centre, these provide the facility to charge any PHEV purchased and in addition this facility can be utilised by employees, elected members and members of the public as required.

Enquires have been made via The Crown Commercial Service Fleet Portal and a number of options identified, which would prove a suitable replacement for the current vehicle, the costs of which vary between £33,500 - £36,500.

The majority of these vehicles have emission figures of between 40 – 50 g/km and claimed mileage of approximately 130mpg.

In addition these vehicles have the ability to be driven on pure electric power for between 30 – 40 miles dependent upon use, this should be sufficient to cover the majority of official engagements.

The current Rover 75 has an emission figure of 163g/km and an average miles per gallon figure of 40mpg.

The average yearly mileage is 5,000, which equates to an annual fuel cost of £740 per year. Given the manufacturer's quoted fuel consumption figures this will result in a review saving of £520 a year on fuel costs which could be utilised to offset the increased capital expenditure, given a seven year replacement programme for the vehicle this would save £3,640. Should it be possible to complete the majority of engagements utilising solely electric power the savings realised would increase substantially.

## 5.2 There are currently two options in relation to the purchase of the replacement vehicle.

Option one is to purchase the vehicle outright utilising the best finance option available at the time. At the end of the vehicle term, there will be a residual value to the vehicle which could be realised at auction.

Option two is to lease the vehicle through a commercial lease agreement, this option would include the cost of servicing and taxing the vehicle, however given the hybrid nature of the vehicle these costs are likely to be negligible. At the end of the agreement the Council could purchase the vehicle outright for the sums quoted previously or the vehicle would be returned to the leasing company and the Council would have no return from the outlay.

## 6. FINANCIAL IMPLICATIONS

6.1 The capital Vehicle Replacement Budget contains a sum of £30,000 allocated for the purchase of a replacement Civic Car, and with an expected useful life of at least 7 years. It is likely that the purchase of a suitable replacement hybrid vehicle purchased, the cost will be over budget by approximately £5,000 - £7,000. However, there will be revenue savings on fuel costs of around £3,600 over the expected life of the vehicle and it is likely that maintenance costs will be reduced with the replacement being a brand new vehicle, compared to one that is already 14 years old. Furthermore, the vehicle would have a residual value that could be recovered through a sale.

6.2 If a lease option is chosen then the likely costs incurred will be approximately £22,000 over 4 years, which is an £8,000 saving compared to the vehicle replacement programme allocation. However, the vehicle would only be in use for 4 years whereas the programme assumes a minimum of 7. There would still be the offsetting savings on fuel and maintenance. After the 4 year term the Council could return the vehicle, in which case a new procurement exercise would need to take place. Using the current indicated purchase and lease figures, the future procurement costs would be more than the net savings and take the total cost over a comparative 7 year period to considerably more than the £30,000 budget.

6.3 The option to lease then purchase is not good value because the likely total cost would be between £38,500 and £42,500 which is more expensive than indicated outright purchase.

## **7. LEGAL IMPLICATIONS**

7.1 None

## **8. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

8.1 None

## **9. ICT/TECHNOLOGY IMPLICATIONS**

9.1 None

## **10. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

10.1 Suitable vehicle charging have recently been installed at the Civic Centre and the Moss Side Depot.

## **11. RISK MANAGEMENT**

11.1 There is a risk that should the decision be made not to replace the Civic Car at present the current vehicle will become less reliable with age.

## **12. EQUALITY AND DIVERSITY IMPACT**

12.1 None.

## **13. RELEVANT DIRECTORS RECOMMENDATIONS**

13.1 Cabinet are asked to approve the replacement of the current Civic Car with a suitable hybrid / petrol vehicle through the outright purchase option.

## **14. COMMENTS OF THE STATUTORY FINANCE OFFICER**

14.1 The approved budget forecasts include a capital provision for replacing the mayoral car and also revenue budget provision for both vehicle running costs and financing costs.

14.2 The comparative cost of purchase and lease is set out in the financial implications in 6 above. In summary, outright purchase is the cheaper option and also provides flexibility in terms of when to replace in the future. Although servicing costs are included in the lease costs, the assessment assumes that maintenance costs would be minimal due to the replacement with a new vehicle and therefore can be met from existing budgets.

## **15. COMMENTS OF THE MONITORING OFFICER**

15.1 It is clearly important that the council should set a good example when it comes to addressing air quality concerns. The purchase or lease of a more environmentally friendly vehicle for the Mayor's car would be a step in that direction.

## 16. BACKGROUND DOCUMENTS

There are no background documents to this report.

## 17. APPENDICES

There are no appendices to this report.

Andrew Richardson  
Assistant Director of Neighbourhoods

Report Author:	Telephone:	Date:
Andrew Richardson Assistant Director of Neighbourhoods	01772 625674	