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**Report To:** Environment and Regeneration Committee      **Date:** 27 October 2016

**Report By:** Head of Environmental & Commercial Services      **Report No:** ERC/ENV/RG/16.290

**Contact Officer:** Jim Bradley      **Contact No:** 01475 714757

**Subject:** Ultra Low Emission Vehicle Procurement Support Scheme

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide information on The Scottish Government Ultra Low Emission Vehicle Procurement Support Scheme and recommend uses for Inverclyde Council's allocated funding from the scheme.

## 2.0 SUMMARY

- 2.1 The Scottish Government Ultra Low Emission Vehicle Procurement Support Scheme provides grants to Community Planning Partnerships to subsidise the purchase of ultra low emission vehicles, covering the difference in cost between the ultra low emission vehicle and its closest petrol or diesel equivalent.
- 2.2 The Grant will accelerate progress in decarbonising road transport by promoting the uptake of ultra low emission vehicles in the Scottish public sector fleet. The Grant also aims to stimulate the market for ultra low emission vehicles by:
- i. Providing a platform for ultra low emission vehicles to demonstrate their functionality and potential for emissions reduction;
  - ii. Allowing economies of scale to reduce vehicle cost via the procurement of a significant quantity of emerging vehicle technologies;
  - iii. Using public sector leadership to increase confidence in the ultra low emission vehicle market.
- 2.3 Inverclyde Council has been awarded £19,200 through the grant programme which must be fully committed by 31 March 2017 and spent by 7 July 2017.
- 2.4 Inverclyde Council has previously taken advantage of £75,000 grant funding through the then Low Carbon Vehicle Procurement Support Scheme in 2011.
- 2.5 The four vehicles purchased in 2011 have now covered over 90,000 miles and have been successful in both reducing carbon emissions and reducing travel and subsistence claims from business mile users.
- 2.6 The 5 year life cycle for the vehicles purchased in 2011 has now been reached and it is our intention to use our allocation of £19,200 through the grant funding to help fund replacement vehicles.
- 2.7 In 2011, £75,000 funding covered the difference between 4 electric cars and their closest petrol or diesel equivalent. Such has been the progress and increased economies of scale in the ultra low emission vehicle market, £19,200 will now cover the difference between 4 equivalent vehicles.

- 2.8 To maximise the use of the grant, bearing in mind that it only covers the difference in the cost of a ultra low emission vehicle and its closest petrol or diesel equivalent, 4 electric vans would be purchased at a cost of £54,900. The equivalent diesel comparator would cost £35,900 which would be funded by the Council with the cost difference of £19,000 provided by the grant funding. The £35,900 to purchase of the vehicles would be funded from the ongoing reduction in travel and subsistence budget introduced in 2011.
- 2.9 These four vehicles are replacing our existing electric vehicles and are not additional to our existing fleet.
- 2.10 The preferred vehicle type within this category will have an approximate charge time of 6-8 hours from a standard 240 volt connection, or can take advantage of the five medium and fast charge points within Inverclyde and provide a range of approximately 100 miles. This would make the vehicles suitable for a number of our operations.
- 2.11 The Council has a number of high business miles users who through travel and subsistence would previously have claimed over £3,000 per annum each. The use of our current electric vehicles by these employees has significantly reduced travel and subsistence claims with the saving being used to help fund the purchase of the vehicles. It is proposed to continue this practice and the four electric vans would be used as pool vehicles for high mileage claimants.
- 2.12 This proposal has no new annually recurring financial implications as it is a continuation of the arrangements put in place in 2011.
- 2.13 As the grant available is to encourage the introduction of new technologies, the financial savings highlighted in this report will apply, only over the next 5 years. Although the cost of this emerging technology has greatly reduced over the past 5 years it is anticipated that this will further reduce over the 5 year life cycle of these vehicles. Future costs along with the operational benefits will be evaluated before any recommendations are made to replace the vehicles.

### **3.0 RECOMMENDATIONS**

- 3.1 That the Environment and Regeneration Committee accept the £19,200 grant funding from the Scottish Government Ultra Low Emission Vehicle Procurement Support Scheme.
- 3.2 That the Environment and Regeneration Committee approve the use of £35,900 for the purchase of the 4 vehicles from the ongoing reduction in travel and subsistence budget introduced in 2011.
- 3.3 That approval be given to the Head Of Environmental and Commercial Services allocating the vehicles to users.

Robert Graham  
Head of Environmental & Commercial Services

## 4.0 BACKGROUND

- 4.1 The Scottish Government Ultra Low Emission Vehicle Procurement Support Scheme provides grants to Community Planning Partnerships to subsidise the purchase of ultra low emission vehicles, covering the difference in cost between the ultra low emission vehicle and its closest petrol or diesel equivalent.
- 4.2 The Grant will accelerate progress in decarbonising road transport by promoting the uptake of ultra low emission vehicles in the Scottish public sector fleet. The Grant also aims to stimulate the market for ultra low emission vehicles by:
- i. Providing a platform for ultra low emission vehicles to demonstrate their functionality and potential for emissions reduction;
  - ii. Allowing economies of scale to reduce vehicle cost via the procurement of a significant quantity of emerging vehicle technologies;
  - iii. Using public sector leadership to increase confidence in the ultra low emission vehicle market.
- 4.3 The Grantee shall be entitled to claim from the Grant only the difference in cost between the low carbon vehicles being procured and its closest conventionally powered equivalent. The amount should be justified on the grant claim form by providing evidence of the purchase price of the ultra low emission vehicle, as well as evidence of the current market price of its equivalent.
- 4.4 The Scottish Ministers shall not be bound to pay to the Grantee, and the Grantee shall have no claim against The Scottish Ministers for, any instalment of the Grant for which an order has not been placed by 31 March 2017. Therefore the Grantee must, for any grant instalments not claimed by 31 March 2017, provide evidence that an order has been placed for that amount, the delivery of which must be undertaken before 7 July 2017.
- 4.5 The grant offer made to Inverclyde CPP is:
- The Scottish Ministers in exercise of their powers under section 70 of the Transport (Scotland) Act 2001 hereby offer to give to Inverclyde Council ("the Grantee"), acting on its own behalf and as lead partner and agent on behalf of the members of the Inverclyde Community Planning Partnership, a grant of up to NINETEEN THOUSAND, TWO HUNDRED POUNDS STERLING (£19,200), payable over the financial year 2016-17 in connection with the purchase or lease of "Ultra-Low Emission Vehicles (ULEVs)".
- 4.6 The 5 year life cycle for the vehicles purchased in 2011 has now been reached and it is our intention to use our allocation of £19,200 through the grant funding to help fund replacement vehicles.
- 4.7 To maximise the use of the grant, bearing in mind that it only covers the difference in the cost of an ultra low emission vehicle and its closest petrol or diesel equivalent, 4 electric vans would be purchased at a cost of £54,900. The equivalent diesel comparator would cost £35,900 which would be funded by the Council with the cost difference of £19,000 provided by the grant funding. The £35,900 to purchase of the vehicles would be funded from the ongoing reduction in travel and subsistence budget introduced in 2011.
- 4.8 The vehicles will be purchased using the Scotland Excel framework.
- 4.9 These four vehicles are replacing our existing electric vehicles and are not additional to our existing fleet.

- 4.10 The preferred vehicle type within this category will have an approx. charge time of 6-8 hours from a standard 240 volt connection, or can take advantage of the five medium and fast charge points within Inverclyde and provide a range of approximately 100 miles. This would make the vehicles suitable for a number of our operations.
- 4.11 A key factor that has put organisations off introducing electric vehicles has been the uncertainty in maintenance costs. We have now had similar types of vehicle on fleet for 5 years and have found the technology reliable. The vehicles that will be sourced will have a warranty covering the battery which exceeds our anticipated operational life cycle for the vehicle.
- 4.12 This proposal has no new annually recurring financial implications as it is a continuation of the arrangements put in place in 2011.
- 4.13 The Council has a number of high business miles users who through travel and subsistence would previously have claimed over £3,000 per annum each. The use of our current electric vehicles by these employees has significantly reduced travel and subsistence claims with the saving being used to help fund the purchase of the vehicles. It is proposed to continue this practice and the four electric vans would be used as pool vehicles for high mileage claimants.
- 4.14 The utilisation of these vehicles will be strictly monitored by Environmental and Commercial Services.

## 5.0 IMPLICATIONS

### 5.1 Financial

#### Financial Services – One Off Costs

Cost Centre	Budget Heading	Budget Year	Proposed spend This Report	Virement From	Other Comments
	Capital Expenditure	2016/17	54,900		
	Grant	2016/17	(19,000)		
	Prudential Borrowing	2016/17	(35,900)		

#### Financial Services – Annually Recurring Costs / (Savings)

**There are no new revenue implications associated with replacement of the electric vehicles.**

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From	Other Comments

5.2 Human Resource – None

5.3 Legal – None

5.4 Equalities - None

## **6.0 CONSULTATION**

6.1 The Chief Financial Officer was consulted during the preparation of this report.