

Meals at Home Vehicle Procurement, (Community Services, Dom Prendergast)

Synopsis of report:

This report outlines the work that has been undertaken in reviewing future options for the delivery of the Meals at Home service. In doing so, Officers have considered financial and operational implications, as well as the environmental impact of any future vehicle procurement.

At the time of writing this report, the proposed and preferred delivery model is to remain as at present, but delivered through a fleet of electric vehicles. However, if in the course of assessing vehicle suitability there are operational reasons why this is not possible, Officers would propose to revert to the next best delivery option, which would include the use of diesel vehicles.

Due to the time pressures associated with vehicle procurement, Officers are seeking Members' approval to proceed with an electric vehicle option if deemed viable, or if not, to change to the diesel vehicle solution.

Recommendation(s):

1. Members recommend for approval the entry into a new lease agreement with Apetito for 4 x electric vehicles/diesel oven option for the period of 36 months and;

- A supplementary budget estimate of £15,717 per annum and;
- Members approve a one off virement of £15,000 from existing Community Services budgets for the infrastructure requirements relating to use of electric vehicles.

In the event that the preferred option of electric vehicles is unviable:

- Members recommend for approval the entry into a new lease agreement with Apetito for 4 x diesel vehicles, and;
- A supplementary budget estimate of £11,139 per annum for a period of 5 years

2. Members recommend to Corporate Management Committee that a waiver to Contract Standing Orders (CSO2.6.1) is approved to direct award a contract for the agreed recommended option to Apetito without advertising requirements as Apetito are the only company that can provide the services required.

or

3. Members recommend for approval the termination of the Meals at Home service in Runnymede Borough Council.

1. Context and background of report

- 1.1 The Meals at Home Service is a discretionary service which operates across both Runnymede and Surrey Heath Borough Councils. The service arrangement operates on a 50:50 risk and reward basis. This arrangement does not include leased vehicles at present, due to each council having existing leases at the point the partnership was realised.
- 1.2 The lease with Apetito [meals supplier] for the Runnymede vehicles ended on 30th November 2022 and is currently operating with informal arrangements in place and goodwill. The lease for the Surrey Heath vehicles ends on 31st May 2023.
- 1.3 Officers undertook a review of the service from Oct 2022 – Jan 2023, including assessing a number of delivery options. The outcome of this is summarised in Appendix 'A' – Community Services Partnership Board Report (CSPB), which was presented to Chief Executives and appointed Members at the January meeting of the CSPB.
- 1.4 Having considered the options available at the time, Members expressed ongoing support for the service and agreed with the recommendation presented to enter into a new lease agreement with Apetito for diesel vehicles with diesel powered ovens.
- 1.5 Members at both Boroughs expressed the ambition to move towards net zero carbon emissions by 2030 in both Boroughs. Options discussed included the use of biofuels to offset the environmental impact of diesel vehicles, entering into a shorter lease agreement to allow for a transition to an electric vehicle option at the earliest opportunity, and monitoring service delivery to ensure the most efficient routes and driving approaches.
- 1.6 Members requested that Officers meet with Apetito to discuss options that would allow for a transfer to electric vehicles at the time they became available, with this reflected within the lease for any diesel vehicles obtained. In doing so, Apetito presented a new option to officers. This report outlines a further options appraisal for this option and an updated recommendation following the approval of a business case to the Corporate Leadership Team on 1st March 2023.

2. Report and, where applicable, options considered and recommended

- 2.1 Officers have explored the following options for delivering the Meals at Home Service:
 - Option 1 (back up/second recommended option): continuation of current delivery model and replacement of diesel vehicles (like for like) with 7 (rather than 8) vehicles.
 - Option 2 (discounted): retain the same service delivery model whilst revising operations to deliver from 4 or 5 vehicles across both Boroughs.
 - Option 3 (discounted): alternative vehicle supplier and same delivery model (no other suppliers identified).
 - Option 4 (discounted): new service delivery model.
 - Option 5 (discounted): New Service Delivery Model Working in Partnership with Woking Borough Council

Electric Vehicles Options:

- Option 6a (discounted): 7 Lease Vehicles, 1 Capital Purchased Vehicle. 50:50 Risk & Reward (running costs based on 4 vehicles per Borough to include the purchased vehicle).
- Option 6b (discounted): 6 Lease Vehicle and 2 Capital Purchased Vehicles. 50:50 Risk & Reward (running costs based on 4 vehicles per Borough).
- Option 6c (preferred option): 7 Lease Vehicle (4 for RBC and 3 for SHBC) and 1 Capital Purchased Vehicle (by SHBC).

Options appraisal for 1 – 5 is considered in Appendix 'A'. Options appraisal for 6a, 6b and 6c is considered in Appendix 'B'.

- 2.2 Officers are minded to present a number of options to lease electric vehicles in order to provide Members with the opportunity to work with the financial strengths of each Borough while taking a significant step towards carbon net zero emissions. Outlined in Appendix 'B' is an options appraisal for consideration, including costings and a SWOT analysis. Appendix 'A' is the full Community Services Partnership Board report in which options 1–5 are appraised.
- 2.3 This option is for the leasing of 7 electric vehicles under a full maintenance lease for 36 months across both Boroughs. Mileage on the vehicles ranges from 9,499 to 30,770, with an average of ~15,000.
- 2.4 At the time of writing, Officers are testing the viability of the electric Renault Kangoo ZE to enable the viability of using such vehicles to be assessed, including:
- Range of the vehicle in all conditions and for urban and rural driving.
 - Charging infrastructure requirements.
 - Capacity of the single chamber oven.
 - Temperature and quality of the meals for the 2-hour delivery window.
 - Hotboxing capabilities.

Initial indications are positive.

- 2.5 The oven capacity of each vehicle is slightly reduced from the current fleet. At present, the service is delivering ~120-140 meals a day in both Surrey Heath and Runnymede (~240-280 in total). Therefore, with 7 vehicles and a reduced oven capacity, the service would be near capacity from the outset with little scope for additional clients.
- 2.6 The ovens are single chamber rather than the 3 chamber ovens fitted to the current fleet. This both makes the logistics of cooking and hotboxing more challenging and increases business continuity risks when a vehicle is off the road or the oven needs fixing/servicing (currently, if one oven chamber in a vehicle doesn't work the service can still operate effectively with 2).
- 2.7 Therefore, an option to also capital purchase an eighth electric small van to offset these challenges and to deliver bulk orders and deliveries in a close proximity is being put forward with option 6. This vehicle will also serve as a contingency to provide business continuity in the event a vehicle being offline for short periods of time.
- 2.8 Officers recognise that there is an immediate need to secure the sustainability of the service due to being out of contract with the current fleet of vehicles and already

implementing business continuity arrangements. These 7 electric vehicles are available immediately, rather than the anticipated 13+ months lead time for option 1 in Appendix 'A' (Community Services Partnership Board Report).

- 2.9 It is recognised in Appendix 'A' that growth for all options is inevitable and caused predominantly by increased inflation and running costs. However, with this one-off opportunity to take a step towards meeting the Borough's net zero carbon emissions, Members are asked to consider the financial commitment in doing so.
- 2.10 Preferred recommendation: Officers recommend option 6c as the most financially sensitive and operationally workable with the understanding Officers can deploy all assets where the operational need is across both Boroughs. This results in a supplementary revenue estimate increase per annum of £15,717 and a supplementary capital expenditure estimate increase of ~£15,000 to install the infrastructure required. It should be noted that the final site survey for infrastructure is yet to be completed with support from the Assets & Regeneration Team and therefore this capital estimate – for which there is no provision in the capital programme - could be above the sum provided, depending on the works assessment.
- 2.11 Second option (if the referred recommendation is not viable): Given the immediate need to resolve the long-term sustainability of the service, should the electric vehicle option be unviable (e.g. vehicles becoming unavailable or vehicles not being viable for operational reasons following testing) Officers recommend option 1 as set out in the Community Services Partnership Board Report. This option for 3.5 diesel vehicles (7 across Runnymede and Surrey Heath) with diesel powered ovens would result in a supplementary revenue estimate increase of £11,139.
- 2.12 As referenced in section 5 of the Appendix 'A', once the future service delivery model and a decision relating to fleet is confirmed, officers will be tasked with continuing to identify opportunities to promote sustainability and offset budget growth.

3. Policy framework implications

- 3.1 Meals at Home provides an invaluable service which supports residents living independently in a healthy home (Health & Wellbeing Strategy objective 1). Given the value for money and accessibility to the service, it supports the Health & Wellbeing Strategy, objective 1 as the service supports residents to continue to live independently within their own home, and objective, 3 as it provides a support for tackling health inequality through the delivery of hot and nutritious meals.
- 3.2 By taking this step, the Council is also a step closer to delivering on its net zero commitment while improving both social and economic gains, as stated in the Climate Change Strategy and Corporate Business Plan.

4. Resource implications/Value for Money (where applicable)

- 4.1 The Meals at Home service is a discretionary service that costs the Council £172,249 a year across both Runnymede and Surrey Heath Borough Councils.
- 4.2 As Members will know from the budget approved at full Council on 9 February, the Council is looking for ongoing revenue savings of circa £5million by 2025/26 and the existing Capital Programme is wholly reliant on the generation of new capital receipts to fund the existing schemes contained within it. Accepting that Members see this as a valuable service, if Members wish to continue to deliver this service there will be a

need for a supplementary revenue estimate and supplementary capital estimate at a time when the Council can ill afford these additional costs.

- 4.3 Officers are recommending one of the following two options to progress the scheme:
- Option 1 – Continuation of current delivery model and replacement of vehicles.
 - Option 6c - Continuation of current delivery model and replacement of vehicles with electric fleet (preferred recommendation).

4.4 Option 1 would result in a supplementary revenue estimate increase of £11,139. The total contract value for a 60-month (5 year) contract for both Boroughs is £289,346 (excl VAT), with Runnymede contributing £144,673 (£57,869 per annum). A quote for an equivalent 3 + 2 years contract has not been requested yet following the offer for an electric vehicle option.

4.5 Option 6c results in a supplementary revenue estimate increase per annum of £15,717 and a supplementary capital expenditure estimate increase of ~£15,000 to install the infrastructure required. The total for the 36-month contract for 7 vehicles is £175,140 (excl VAT), with Runnymede contributing 4/7, totalling £100,080 (£33,360 per annum).

5. **Legal implications**

5.1 The Public Contract Regulations 2015 (PCR 2015) threshold for supplies and services is currently set at £213,477 inclusive of VAT. Above this threshold, the procurement route must follow an above-threshold process and be advertised on the Find-a-Tender-Service government website. This process would typically be an open or restricted tender or to conduct a compliant process using a framework. Above £30,000 (incl VAT), contract opportunities and subsequent contract awards need to be published on Contracts Finder. In order to comply with these thresholds and requirements of the PCR 2015, the Council's Contract Standing Orders require an invitation to tender process to be conducted for all contracts with an estimated total contract value above £30,000 (incl VAT) (or £25,000 excl VAT).

5.2 Apetito are acknowledged as the market leader for the technology and service provision required. Market engagement has concluded that there are no other suppliers that can provide vehicles with in-built ovens that are suitable for this requirement. As a result, Officers are seeking to direct award a contract to Apetito by means of a waiver to contract standing orders (CSO2.6.1) with the justification that the goods or services can only be provided by a single source (Apetito), and can therefore be exempt from advertising requirements of the PCR 2015 (CSO2.4.5).

5.3 Legal advice will be needed to review the new contract with Apetito and to ensure all terms and conditions are acceptable to the Council.

6. **Equality implications**

6.1 The Council is required to have due regard to its public sector Equality Duty before approving the proposals.

6.2 The Council's Duty is stated under the Equality Act 2010 and is to have regard to the need to:

- a) eliminate unlawful discrimination, harassment or victimisation

- b) advance equality of opportunity between persons who share a Protected Characteristic and persons who do not share it
- c) foster good relations between those who share a relevant characteristic and those who do not.

6.3 Meals at Home will continue to have a positive impact on all sections of the community, but particularly in supporting the elderly and frail residents and by doing so relieve pressure and anxiety on family members. A full Equality Impact Assessment is not required as this is not a new service but a screening assessment is being undertaken in consultation with the Equalities Group.

7. **Environmental/Sustainability/Biodiversity implications**

7.1 This opportunity provides a first step for the Borough to move the fleet to electric, albeit with the caveat that the oven is diesel powered. In installing the infrastructure required, officers are putting in place systems to measure the environmental impact of this change through vehicle specific data collection of miles driven against kilowatts used. These systems will be used by officers in their monitoring of the service.

8. **Other implications (where applicable)**

8.1 As this service is provided in partnership with Surrey Heath Borough Council, any decision would need agreement from Members in both Boroughs.

8.2 Subject to agreement from both Boroughs, procurement would be completed under one process and framework in either Borough and recharged accordingly.

9. **Timetable for Implementation**

9.1 Given the situation with the current fleet and the immediate availability of the electric vehicles, officers will set in motion steps to move forward once approval has been received. A change over date will be dependent on the final contract being approved by Legal and the required infrastructure being installed.

10. **Conclusions**

10.1 This report sets out options to replace the current Meals at Home fleet of specialist vehicles. The primary option is an opportunity to take a step towards net zero carbon emissions by moving the fleet to electric (with diesel powered ovens). If this option is unviable, Officers seek approval to replace the fleet with diesel vehicles as set out in the Community Services Partnership Board report.

(To Resolve)

Background papers

None.