

ELECTRIC VEHICLES

Head of Service:	Ian Dyer, Head of Operational Services
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Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	None

Summary

In accordance with section 100B(4)(b) of the Local Government Act 1972, by reason of special circumstances, the Chair is of the opinion that the item should be considered at the meeting as a matter of urgency.

The Council's vehicle fleet will require replacement starting mid-2027. Within that, there may be opportunity to acquire some electric vehicles (EVs). This report reviews the financial and other implications of doing so.

Recommendation (s)

The Committee is asked to:

- (1) Consider, in the context of the issues and timings outlined in this report, whether the Council should:**
 - a) Replace all of its transport fleet vehicles with diesel-engined or, where available, hybrid-engined vehicles. This would not require any electrical chargepoint infrastructure.**
 - or;**
 - b) Within that overall vehicle replacement programme, replace up to 19 smaller vehicles with electric vehicles (EVs) and their required chargepoint infrastructure, subject to funding, appropriate project resource and project outcomes demonstrating that EVs are best value and practicable.**
- (2) If the Committee supports Recommendation (1b), to authorise officers to request appropriate funding from the Strategy and Resources Committee by way of a report to its meeting on 15 July 2025.**

1 Reason for Recommendation

- 1.1 The Council's current vehicles reach the end of their operational lives from mid-2027.
- 1.2 At that point, our current vehicles must be replaced because they will have reached the end of their operational lives.
- 1.3 It will not be possible to extend our use of the current vehicles, which would give rise to significant reliability issues affecting our ability to deliver services.
- 1.4 Vehicles can be replaced with either diesel-engined or, where available, hybrid-engined vehicles (which have a diesel engine supplemented by a self-charging electric motor). Many manufacturers now offer hybrid-engined vehicles.
- 1.5 Hybrid-engined vehicles, where available, have lower emissions than pure diesel, and so would assist the Council on its journey to net carbon-neutral by 2035, and would not require the installation chargepoints.
- 1.6 Within the overall vehicle replacement exercise it may also be possible to replace up to 19 of our smaller vehicles with fully-electric vehicles (EVs), rather than diesel or hybrid.
- 1.7 However, any EVs acquired will cost more than their diesel/hybrid counterparts. They will also require a chargepoint infrastructure, for which funding and project planning will be required. Such project work will be above officers' capacity, so would require external consultancy resource.
- 1.8 Funds for the additional costs of EVs, their chargepoints and the required external project consultancy resource have not yet been identified. Consequently, if the Committee supports the introduction of EVs, officers will need to approach Strategy & Resources Committee to request funds.
- 1.9 If EVs are desired, work on this must begin imminently. Due to the timelines for ordering vehicles and planning, procuring and implementing the chargepoint project, officers would need to approach Strategy & Resources Committee at its next meeting on 15 July 2025. Failure to do so would risk us being unable to deliver the EVs – and their chargepoints – by the time our current vehicles reach the end of their operational lives.

2 Background

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- 2.1 The Council's transport fleet comprises 70 vehicles of various types, supporting a range of services: bin collections, streetcare, downskeepers, grounds maintenance and verges, community services (minibuses, meals at home, community alarm), cemetery, parking and countryside management.
- 2.2 Most vehicles were leased for 10 years and will reach the end of their operational lives in mid-2027.
- 2.3 All current Transport contract vehicles are diesel-engined. While the Council has 4 EV cars (3 x Meals at Home and 1 x Enforcement), these were separately funded and acquired outside of the Transport contract (e.g. SCC grant funding bought the Meals at Home cars and their chargepoints outright).

What vehicles could we potentially replace with EVs in 2027?

- 2.4 It will not be operationally viable to replace our refuse & recycling vehicles with EVs. However, there may be the potential to replace some 19 smaller vehicles, such as vans and tippers, with EVs across a range of services.

Council vehicles and climate change

- 2.5 The Council has committed to tackling climate change and to achieving net carbon neutral operations by 2035. The second Climate Change Action Plan (2025-2029) includes an action to "*Commit to swapping vehicles owned by the Council and its service providers for zero emissions versions, where they exist and are suitable and affordable by 2035.*"
- 2.6 The 19 smaller diesel-powered vehicles identified for potential replacement with EVs account for some 8.6% of the Council's operational carbon emissions (c.106 tonnes per year).
- 2.7 We would also need to gain clear guidance on the environmental impact of the future disposal of EV batteries:
 - 2.7.1 A recent BBC article states that recycling EV batteries is "notoriously difficult" but looks at a company that claims to have "cracked it." <https://www.bbc.co.uk/future/article/20250404-where-ev-batteries-go-to-die-and-be-reborn>
 - 2.7.2 A recent article by the Society of Motor Manufacturers and Traders (SMMT) stated that it is possible, but labour intensive, requiring considerable skill and with questions over cost-effectiveness.
 - 2.7.3 Consequently, it may be wise to obtain clear advice on battery recycling from any manufacturers supplying EVs to the Council.

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- 2.8 As stated in section 1.5, hybrid-engined vehicles would also assist the Council on its journey to net carbon-neutral by 2035 and would not require the installation of chargepoints.
- 2.9 It may be noted that, if the Council was to secure diesel or hybrid vehicles in 2027 on 8-year leases (subject to affordability), they would be due for ultimate replacement in 2035, when EVs could be further considered to coincide with our 2035 net carbon-neutral target.

How much would the 19 EVs cost versus diesel or hybrids?

- 2.10 EVs will cost more than diesel or hybrid alternatives. There are three elements to this:

2.10.1 Cost element 1: higher EV lease costs:

- a) EVs are more expensive to lease than diesel/hybrids because:
- i. They have a higher capital cost.
 - ii. They are worth less at the end of the lease because of uncertainty about battery life, future technology and demand for used commercial EVs.
 - iii. Lease periods may be restricted by the length of battery warranties.
- b) These factors will further increase lease costs by **an estimated up to £45k per annum** in total for our potential 19 EVs.
- c) There may be a mitigating saving of an estimated up to £27k pa in fuel costs but we have yet to quantify the electricity costs of powering any new EVs.
- d) Actual costs cannot be confirmed until 'live' quotes are obtained closer to order time.

2.10.2 Cost element 2: EV charging infrastructure:

- a) EVs require the installation, supply and management of chargepoints at relevant locations e.g. depot, Downs, Nonsuch park, Ashley Centre car park. This may include the upgrading of the power supply and switching e.g. the substation serving the depot.

- b) Another council has recently been quoted some £4.5 million to fully electrify its 75-vehicle depot. A simple pro-rata calculation would equate to c.£1.1 million for our potential 19 EVs, but this needs to be properly quantified. However, extrapolating what we paid for the chargepoints for our 3 Meals-at-Home EVs suggests the **cost could be under £100k** (including a contribution of £350 per chargepoint from the Workplace Charging Scheme). However, that could vary considerably if power supplies require upgrading.
- c) Chargepoints will also require ongoing subscription and maintenance costs of **around £2k pa**. We may also wish to include some kind of emergency power supply to guard against service continuity issues such as power cuts or substation failure/fire.
- d) Depending on circumstances, there may be the opportunities to allow public use of chargepoints when Council EVs are not charging, from which an income could be derived. However, (a) this will certainly not be possible in the likely biggest concentration of EVs at the depot, and (b) it would need to be carefully managed to ensure that Council vehicles are not left without a chargepoint. This could be looked at within the overall project.
- e) Again, actual costs cannot be confirmed until we undertake a full procurement exercise.
- f) In any event, the EV charging infrastructure would be a significant potential cost for which funds have not yet been identified. Consequently, moving to EVs cannot be achieved unless this is fully costed and funds identified.

2.10.3 Cost element 3: Project management:

- a) Chargepoint needs must be carefully quantified, planned and implemented at each location, such as:
 - i. Ensuring sufficient power supply (e.g. does the depot substation need upgrading?)
 - ii. Appropriate numbers and types of chargepoints (e.g. where do we need rapid chargers?) and management software.
 - iii. Planning and managing power supply and ground works and while this happens (especially at the depot).
 - iv. The timing of installations (vehicles cannot arrive before their chargepoints are ready).

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- b) This will be a complex project to quantify, plan and carry out, and will be beyond current officer capacity. Therefore, it will require additional consultancy resource. Costs for such resource will need to be quantified through a procurement exercise, and is likely to cost in the region of £20-30k.

Other considerations

- 2.11 Logistics and safety: The parking of EVs must be carefully considered, with minimum distances required between spaces. This will need to be planned within the overall chargepoint, to be undertaken by a consultant as above. Any implications, e.g. at the depot, will need to be reviewed with the relevant location and operations managers.
- 2.12 Driver licencing: Typically, vans and tippers can be driven on car licences. This is very useful to the Council because larger-vehicle licences are now less common. But EVs are typically heavier because of their large batteries e.g. an electric Ford Transit may often be too heavy for a car licence. Staff would have to upgrade their driving licence (at the Council's cost), with HR implications if they cannot or will not do so. In response, the government has consulted on a proposal to allow car drivers to drive these heavier EV vans but has not yet published its outcome.
- 2.13 Hybrids: Hybrids (a combination of diesel and electric that does not rely on using a chargepoint, and which is offered by many vehicle manufacturers) may offer a more affordable option than EVs without requiring a chargepoint infrastructure.
- 2.14 Low-emission fuel: Hydrotreated Vegetable Oil (HVO) lowers CO₂ emissions by up to 90% compared to diesel. However:
 - 2.14.1 HVO typically costs 10-15% more than diesel (£30 - £40k pa).
 - 2.14.2 There are currently questions about its sustainability.
 - 2.14.3 It is not practicable for EEBC. HVO cannot be bought at petrol stations, so needs a large-scale fuel tank, for which a site would need to be identified because the depot is too small to accommodate one.

What are our potential LGR partners considering?

- 2.15 Elmbridge and Mole Valley:
 - 2.15.1 Both councils are part of the 4-district Joint Waste Solutions (JWS) waste & streetcare contract. JWS has recently published a tender for a new contract starting mid-2027 on a 7+7+7 year contract (i.e. up to 21 years). No decisions on EVs have been made but the JWS tender seeks dialogue on low-emission options.

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2.15.2 Elmbridge has 9 small EVs in other parts of its operations, with 6 further EVs planned for this year. A chargepoint supplier assessed Elmbridge's depot charging infrastructure needs and identified power supply issues requiring the installation of chargepoint-management software.

2.16 Tandridge:

2.16.1 Refuse & recycling is contracted out to Biffa, which also provides the vehicles. The current 8-year contract ends in 2029. As yet there is no decision about what happens thereafter.

2.16.2 Tandridge operates its other services in-house, for which it buys its vehicles. Tandridge is currently rolling its vehicles forward year-by-year although its tippers are close to the end of their projected lives. As yet, there has been no decision on EVs.

2.17 Reigate & Banstead (R&B):

2.17.1 R&B operates its services in-house but buys its vehicles. Refuse & recycling vehicles will be due for replacement in 2028. No changes to services or vehicle types are currently planned.

2.17.2 For the medium term, R&B intends to fuel its diesel vehicles with HVO. It has bought a large fuel tank for this but has not yet procured a supply of the fuel itself.

2.17.3 For the longer term, R&B has just tendered for a feasibility study re. fleet and depot electrification.

2.17.4 R&B operates a small number of EVs within its Parking service.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 No impact.

3.2 Crime & Disorder

3.2.1 No impact

3.3 Safeguarding

3.3.1 No impact.

3.4 Dependencies

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3.4.1 Adoption of EVs is dependent on the separate funding, procurement and implementation of appropriate chargepoint infrastructure. This is beyond current officer resource and will require additional external consultancy resource.

3.5 Other

3.5.1 No other impacts

4 Financial Implications

4.1 Costs of renewing the existing contract will be further increased if we choose to replace any vehicles with EVs (see section 2.8):

Item	Estimated potential cost/(saving)	Timescale
Higher EV lease costs	Up to £45k per annum - Revenue	From mid-2027 when new vehicles start to be delivered
Fuel savings	c.(£27k per annum) – Revenue	From mid-2027 when new vehicles start to be delivered
Chargepoint infrastructure	Up to £100k (with small ongoing annual service charges plus any ongoing annual repair charges) - Capital	When chargepoints are installed, likely end of 2026 and beginning of 2027
Consultancy resource for chargepoint infrastructure	c.£20k - £30k - Capital	From start to end of project, so likely from late 2025 through to early 2027

4.2 All these costs are indicative only, and are subject to quantification:

4.2.1 Actual EV lease costs cannot be confirmed until 'live' quotes are obtained closer to order time.

4.2.2 Likewise, costs for the required EV chargepoint infrastructure and the consultancy resource needed to implement it cannot be confirmed until procurement is undertaken.

4.3 The Council has not identified funds for any move to EVs. Therefore, should the Committee indicate support for EVs, officers will request funding via Strategy and Resources Committee.

4.4 **Section 151 Officer's comments:**

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- 4.4.1 The 2026/27 Strategic Financial Planning report being considered by Financial Strategy Advisory Group (FSAG) on 27 June considers the Council's financial position for the next 3 years.
- 4.4.2 £300,000 has been included from 2027/28 to recognise an increase in the annual cost of replacement leased vehicles. However, that does not include the additional funds, revenue and capital, that would be required for EVs (summarised in section 4.1), which would require review by Strategy and Resources Committee.
- 4.4.3 The FSAG report highlights a current budget gap for 2026/27 of £1.928 million rising to £5.063 million by 2028/29. Should the Council seek to electrify some of the vehicles within the new contract, the cost will exceed the allocated budget, increasing further the current deficit.

5 Legal Implications

- 5.1 There are few legal implications for the adoption of EVs, barring ensuring all safety and insurance issues are attended to e.g. ensuring sufficient space between parking spaces and ensuring drivers have appropriate licences. Officers will ensure appropriate compliance, as with any vehicle operations.
- 5.2 **Legal Officer's comments:** None arising from the content of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
 - 6.1.1 Green and Vibrant: The Council's Climate Change Action Plan includes "Commit to swapping vehicles owned by the Council and its service providers for zero emissions versions, where they exist and are suitable and affordable by 2035."
- 6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan. However, it is vital that the Council makes a decision now on its way forward, in order that vehicle orders can be placed – and a project be initiated for chargepoints if EVs are desired – so that vehicles can be delivered by mid-2027 to support services. Failure to do so would place services at risk.
- 6.3 **Climate & Environmental Impact of recommendations:** The 19 smaller vehicles that have potential to be replaced with EVs currently account for some 8.6% of the Council's operational carbon emissions (c.106 tonnes per year). If vehicles are replaced with like-for-like diesel options on contracts that extend beyond 2035 then it is likely their emissions will have to be offset for the Council to achieve its 2035 carbon neutral target.

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- 6.4 **Sustainability Policy & Community Safety Implications:** The adoption of EVs will improve sustainability but will have financial and other impacts as described.
- 6.5 **Partnerships:** Our Transport provider, Specialist Fleet Services, has been a key partner for 20 years. EVs would require us to enter into a new partnership with a chargepoint provider.
- 6.6 **Local Government Reorganisation Implications:** The general replacement of vehicles in mid-2027 is crucial to the ability of this Council, and the new unitary authority, to carry on the provision of services at that time. However, the new authority's position on EVs and their attendant additional costs cannot be known until it is constituted.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None.

Other papers:

- Climate Change Action Plan.