

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	21 September 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Fleet Replacement Programme
REPORT NUMBER	OPE/22/202
DIRECTOR	Rob Polkinghorne/Steve Whyte
CHIEF OFFICER	Mark Reilly
REPORT AUTHOR	John Weir
TERMS OF REFERENCE	1.1.5.

1. PURPOSE OF REPORT

- 1.1 This report provides Committee with the current position of the programme for Fleet Vehicles and Assets and presents the Fleet Asset Management Plan (Appendix A) which identifies age and replacement plans for all vehicles and plant to provide assurance on effective identification of assets to populate the Phase 3 Fleet Replacement Programme Projected Spend for 2022/23 (Appendix B) and future Fleet Replacement requests.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Notes the refreshed Fleet Asset Management Plan and supports use of the Plan to identify future replacement requests;
- 2.2 Notes that a detailed infrastructure plan is being developed by the Chief Officer - Corporate Landlord working with Fleet as per [Recommendation \(b\) of Article 6 – Fleet Replacement Programme from the Committee meeting of 11 May 2021](#), to inform future Fleet Replacement Programme requests to support an increased number of alternative fuel vehicles and plant;
- 2.3 Approves the phase 3 Fleet Replacement Programme for 2022/23 (as detailed in Appendix B) and notes non-carbon fuelling technologies will be prioritised where these options exist; and
- 2.4 Delegates authority to the Chief Officer – Operations & Protective Services, following consultation with the Head of Commercial and Procurement Shared Services (CPSS) and Chief Officer – Finance, to consider and approve procurement business cases for vehicles and plant for the purposes of Procurement Regulation 4.1.1.2; then consult with the Convener and Vice Convener, City Growth and Resources and thereafter to procure appropriate works, supplies and services, and enter into any contracts necessary for the vehicles and plant without the need for further approval from any other Committee of the Council, within the current Capital budget.

3. BACKGROUND

- 3.1 The phase 1 Fleet Replacement Programme for 2021/22 was presented to Committee on 11 May 2021, the Phase 2 Fleet Replacement Programme for 2021/2022 and 2022/2023 was presented to Committee on 10 November 2021.
- 3.2 Since these dates, the market place has encountered a fair degree of instability including increased costs, reduced material and resource availability whilst continuing to develop to a more carbon friendly environment. These impacts have increased uncertainty of product specification and availability and whilst Fleet continue to engage with the market place and strive to reach Net Zero figures, there has been lower procurement activity than forecast.
- 3.3 As previously reported, the purpose of the Fleet Replacement Programme is to ensure the Council maintains an optimum operating age profile of the Fleet to a maximum 7-year profile for HGV and vans to 5-year profile. The programme also provides for the replacement of an assortment of other vehicles, mobile plant and small hand-held plant which is generally 3-years. This ongoing practice aims to minimise expensive repair costs and give an enhanced residual value of the asset on replacement.
- 3.4 The Fleet Asset Management Plan (FAMP) continues to be refreshed to better identify the replacement programme and includes carbon use data to reflect the Council's Net Zero ambition to work towards de-carbonising its in-house Fleet and introduce new vehicles with the latest technology with reduced emissions.
- 3.5 As highlighted above, whilst the FAMP reflects current asset type, the market availability and continuing development are such that like-for-like replacement may not be the default position should better options be identified. The Fleet Manager is actively scanning industry opportunities to identify best value and best asset replacement. As such Appendix B may require changes to the pricing options; which will be captured in appropriate business cases.
- 3.6 To maximise development of a greener fleet, all new purchases will be focused on hydrogen/electric power as the fuel of choice with alternative considerations of dual fuel and diesel as the current market and infrastructure permits. Existing vehicles which are not due for replacement will be considered for conversion to dual fuel. This strategy links into the [Local Outcome Improvement Plan 2016-26](#), the [Local Strategy Plan 2016-2021](#) and the [Nestrans Regional Transport Strategy 2013-35](#) for clean transport for the city and presents an improved on-the-road image to the citizens of Aberdeen.
- 3.7 Whilst alternative refuelling infrastructure is not sufficiently developed, but is planned, Fleet is working with manufacturers and developers to allow for dual fuel (a vehicle that can operate on both diesel / hydrogen, or diesel / electric) capability so that the fleet age and environmental footprint remains optimised, with the associated benefits, and the ability to move the fleet onto alternative fuels is maximised.

- 3.8 The inclusion of these vehicles will increase our zero-emission fleet as we progress on our journey away from carbon fuel. The renewable energy vehicle market is being explored to identify latest innovation and development to adapt current vehicle procurement options towards the Council's greener ambitions.
- 3.9 Fleet is working in collaboration with Finance and other services to maximise the volume of alternative fuel powered vehicles and plant using the current capital budgets and is actively sourcing additional external grant funding. The Service is exploring alternative ways of funding fuel vehicle replacements.
- 3.10 The Fleet Replacement Programme continues to have a major dependency on a developed infrastructure to fully deliver non carbon fuels and is participating in the development of the infrastructure plan as directed by Committee on 11 May 2021. This does require to be reinforced to ensure a successful infrastructure and replacement plan is achieved.
- 3.11 Currently the Council is considering EV recharging facilities and capacity for future council fleet replacements, which follows from the report to this committee on 3 February 2021 "Electric Vehicle Framework for Aberdeen" COM/21/019. This work will need to be carried out and charging points strategically placed to align with the Estate footprint to ensure that all vehicles can be recharged prior to commencement of daily operational activities.
- 3.12 It is intended that any report submitted to a future meeting of this committee for further fleet replacements (for 2022/23 and beyond) in conjunction with options for the roll out of a strategical placed EV recharging infrastructure for the council fleet will utilise the Fleet Asset Management Plan along with known infrastructure developments and intentions. The Fleet Replacement Programme will be produced in collaboration with service users across the Council.
- 3.13 In addition to Fleet Asset Replacement, Fleet are actively engaging with all Services to attempt reduction of all hire vehicle use, particularly long-term hires with a focus on consideration of procurement versus hire. Aligned to the Net Zero Plans this will see continued understanding and justification of all hire requests submitted to Fleet.
- 3.14 Current procurement processes are being actively supported by the Commercial and Procurement Shared Services (CPSS) team, to allow engagement with potential suppliers and negotiate procurement efficiencies where possible. The introduction of new fuel technologies is manifesting in the market as a wider range of purchase options, including variations of traditional contract hire / lease models. Fleet is actively reviewing these options in conjunction with Finance and CPSS with a view to identifying cost saving opportunities for the Council.

4. FINANCIAL IMPLICATIONS

4.1 The proposed programme can be funded from within the budget profile for the Fleet Replacement Programme for financial years 2022/23 - 2025/26 approved by Council on 7 March 2022.

4.2 The longer vehicles are operated beyond their expected operating life the greater the risk of defects arising in these vehicles. If these vehicles continue to be operated beyond this point, they will likely require additional maintenance which in turn will increase vehicle downtime and revenue costs

5. LEGAL IMPLICATIONS

5.1 The Council holds an Operator's Licence for the Council's fleet which is a Statutory Requirement. Vans and LGV vehicles have a limited optimum life. All vehicles have a planned replacement date. The longer vehicles are operated beyond this date the greater the risk of defects arising in these vehicles. If these vehicles continue to be operated, they will require additional maintenance which in turn will increase vehicle downtime and increase revenue costs. This may impact on the Council's Operator's Licence.

6. ENVIRONMENTAL IMPLICATIONS

6.1 The recommendations of this report will lead to a reduction in carbon emissions of the existing Fleet assets by adoption of low / zero carbon Fuels.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	None			
Compliance	Failure to deliver the programme resulting in a failure to balance the budget Robust governance arrangements and programme of	Failure to deliver the programme resulting in a failure to balance the budget Robust governance arrangements and programme of work are in place to ensure delivery of the transformation programme.	L	Yes

	work are in place to ensure delivery of the transformation programme.			
Operational	Failure to deliver the replacement programme will increase the age of the Fleet and may impact on service delivery.	Robust measures in place to ensure timely replacement of vehicles.	L	Yes
Financial	Not putting in place the necessary investment to enable the savings to be realised This will be progressed in line with council budget requirements as confirmed within the MTFS	Not putting in place the necessary investment to enable delivery of the programme and its necessary infrastructure to be realised This will be progressed in line with council budget disbursement.	M	Yes
Reputational	An ageing fleet that impacts on service delivery may expose the Council to reputational damage.	Robust measures in place to ensure timely replacement of vehicles.	M	Yes
Environment / Climate	Failure to deliver the programme resulting in a failure to meet Council Climate requirements.	Climate risks will be embedded into service planning and decision making	M	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	<p>The proposals within this report support the delivery of:</p> <p>Policy Statement 1 – Build up our existing strength in hydrogen technology.</p> <p>Policy Statement 14. Work with both governments in order to unleash the non-oil and gas economic potential of the City.</p>
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The proposals within this report support the delivery of Stretch Outcomes 2 and 3. Investments in vehicles and equipment asset management will ensure fit for purpose council services, which benefit the wider economy of Aberdeen.
Prosperous People Stretch Outcomes Whilst	Whilst this report has no direct impact on the Prosperous People section of the LOIP, investment in vehicles and equipment will enhance staff experiences, with improvements in technical training for employees and productive time for services.
Prosperous Place Stretch Outcomes	<p>The Proposals within this report support the delivery of LOIP Stretch Outcome 14 – Addressing climate change by reducing Aberdeen’s carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate.</p> <p>Aberdeen City Council is committed to reducing carbon emissions both within its operations and across the city as part of Net Zero Aberdeen. Reducing emissions from transport remains a challenge as it involves the need for behaviour change either in relation to changing method of transport or moving to the use of new and unfamiliar vehicle technology such as electric or hydrogen vehicles.</p> <p>Continued learning from Telematics data will result in a better understanding of Fleet usage and result in reductions on spend on fuel, tyres, wear and tear and increase utilisation of fleet vehicles. The introduction of the replacement Fleet Management system is assisting a better understanding of</p>

	<p>efficiencies within the Fleet Workshop which will result in providing improved information to all service users of vehicles and plant.</p>
<p>Regional and City Strategies</p>	<p>The proposals within this report support the Regional Economic Strategy & Action Plan, Energy Transition Vision, Strategic Infrastructure Plan, draft Regional Transport Strategy 2020, Local Transport Strategy, Hydrogen Strategy & Action Plan and Air Quality Action Plan by proposing procurement of appropriate net zero emission vehicles.</p> <p>The proposals within this report support the Regional Economic Strategy & Action Plan, Energy Transition Vision, Strategic Infrastructure Plan, draft Regional Transport Strategy 2020, Local Transport Strategy, Hydrogen Strategy & Action Plan and Air Quality Action Plan by proposing procurement of appropriate net zero emission vehicles.</p>
<p>UK and Scottish Legislative and Policy Programmes</p>	<p>The recommendations in this report contribute to the City's response to the Intergovernmental Panel on Climate Change set under the Paris Agreement and the UK Governments ambition to have Net Zero emission by 2045. The report also sets out the City's plans to meet the Scottish Government's Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.</p> <p>The recommendations in this report contribute to the City's response to the Intergovernmental Panel on Climate Change set under the Paris Agreement and the UK Governments ambition to have Net Zero emission by 2045. The report also set out the City's plans to meet the Scottish Government's Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.</p>

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full EHRIA not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

Fleet Replacement Programme – 11 May 2021

10. APPENDICES (if applicable)

Appendix A: Fleet Asset Management Plan (FAMP)

Appendix B: Phase 3 Fleet Replacement Programme Projected Spend for 2022/23

11. REPORT AUTHOR CONTACT DETAILS

John Weir

Fleet Manager

jweir@aberdeencity.gov.uk

01224 489312