

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Finance and Resources
<b>DATE</b>	22 November 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Fleet Replacement Programme 2023/2024 (Annual Report)
<b>REPORT NUMBER</b>	RES/23/343
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	Mark Reilly
<b>REPORT AUTHOR</b>	John Weir
<b>TERMS OF REFERENCE</b>	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 4 Fleet Replacement Programme Projected Spend for 2023/24 (Appendix B) and future Fleet Replacement requests.

### 2. RECOMMENDATIONS

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 Approves the phase 3 Fleet Replacement Programme for 2023/24 (as detailed in Appendix B); and
- 2.3 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;
- (a) to consider and approve procurement business cases for vehicles and plant for the purposes of Procurement Regulation 4.1.1.2;
- (b) then consult with the Convener and Vice Convener, Finance and Resources Committee and thereafter to procure appropriate works and services, and
- (c) enter into any contracts necessary for the vehicles without the need for further approval from any other Committee of the Council, within the current Capital budget.

### **3. CURRENT SITUATION**

- 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 and the Phase 3 Fleet Replacement Programme to City Growth and Resources Committee on 21 September 2022.
- 3.2 Since these dates, and whilst Fleet slowly recovers from previous delayed procurement activity, the sector has encountered considerable 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 marketplace and strive to reach Net Zero figures, there has been lower carbon net zero procurement activity than forecast. However, it is important that Fleet maintain replacement from currently available budget otherwise an ageing Fleet brings risk and issue to the provision of all Council Services.
- 3.3 The lack of appropriate charging point infrastructure, charging capacity in the local grid and suitability issues around the Council's existing maintenance facilities currently prevent the addition of further net zero vehicles to the Fleet, with carbon powered assets being the default choice to maintain all Council Services.
- 3.4 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 Heavy Goods Vehicles and vans to 5-year profile which aligns with Operator Licence requirements to reduce risk. 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.
- 3.5 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 by 2025 and introduce new vehicles with the latest technology with reduced emissions.
- 3.6 As highlighted above, whilst the FAMP reflects current asset type, the market availability and continuing development together with the infrastructure issue highlighted are such that like-for-like replacement will be the default position irrespective whether better net zero 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.
- 3.7 To maximise development of a greener fleet, it was intended that all new purchases would 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 still be considered for conversion to dual fuel whilst those not suitable will remain as diesel variants. This strategy links into the [Council Climate Change Plan 2021 – 2025](#), [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.

- 3.8 Whilst alternative refuelling infrastructure continues to be developed,, 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.
- 3.9 The modification to purchasing carbon variant vehicles will continue to assist reduce carbon emission but will not move to net zero. The renewable energy vehicle market continues to be explored to identify latest innovation and development to adapt current vehicle procurement options towards the Council's greener ambitions.
- 3.10 Fleet has been working in collaboration with Finance, Corporate Landlord 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 Services are exploring alternative ways of funding fuel vehicle replacements.
- 3.11 The Fleet Replacement Programme continues to have a major dependency on a developed infrastructure to fully deliver non-carbon fuelled vehicles and plant and has been restricted in the development of the infrastructure plan as directed by Committee on 11 May 2021.
- 3.12 The Council has considered Electric Vehicle (EV) recharging facilities and capacity for future council fleet replacements, following from the report to the City Growth and Resources Committee on 3 February 2021 "Electric Vehicle Framework for Aberdeen" COM/21/019. This work has been insufficient in securing sufficient EV charging facilities and there is an urgent requirement to source locations and funding for 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.
- 3.13 It is intended that any report submitted to a future meeting of this committee for further fleet replacements 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.
- 3.14 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.

- 3.15 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.
- 3.16 The initial EV infrastructure plan and plan for hydrogen refuelling capacity will require further development to maximise the ability to procure net zero vehicle and plant replacements. Whilst non-carbon fuelling technologies will still be considered for procurement where these options exist, the limited infrastructure and manufacturer availability may not achieve the Council's timeline of decarbonisation of Fleet cars and small vans by 2025;
- 3.17 While this procurement process to find a partner to roll out EV infrastructure and consider hydrogen refuelling options is underway; it will take some time to see suitable infrastructure delivered to support fleet through this process. In the intervening period work is now underway to support fleet utilising some of the existing identified budget for EV infrastructure in year, £2million for 2023/34. This will see several options explored to support fleet in terms of providing limited EV infrastructure across council-controlled sites as well as exploring other options to provide suitable infrastructure. This work is aimed at allowing fleet, where possible, to move forward with limited EV replacements for existing petrol and diesel vehicles, as well as trial solutions which might be useful to roll out at scale.
- 3.18 The Fleet Replacement Programme will assist delivery of services within the Low Emission Zone (LEZ) due to be implemented in 2024, however all not all vehicles or plant will be required to operate within the LEZ. Services have been advised to review their fleet utilisation within the LEZ and consider appropriate deployment of assets and/or seek exemption in respect of any specialist vehicles. Currently 87% of the council's fleet can operate in the LEZ.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The proposed programme can be funded from within the budget profile for the Fleet Replacement Programme for financial years 2023/24 - 2024/25 approved by Council on 1 March 2023.
- 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 require additional maintenance which in turn will see an increased 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 impact, potentially negatively, with low emission diesel replacements not returning as good a carbon footprint as a net zero replacement.

## 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?
<b>Strategic Risk</b>	Inability to meet Carbon Net Zero - Vehicles  Inability to meet Carbon Net Zero - Workshop	Escalation of issue to Net Zero and Transport Committee.  Continued working with Services to manage issue.	H	No
<b>Compliance</b>	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	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

	programme.			
<b>Operational</b>	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
<b>Financial</b>	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
<b>Reputational</b>	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
<b>Environment / Climate</b>	Failure to deliver the programme in a Net Zero way resulting in a failure to meet Council Climate requirements.	Climate risks are embedded into service planning and decision making.	M	Yes

## 8. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	<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>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
<b>Prosperous Economy Stretch Outcomes</b>	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.
<b>Prosperous People Stretch Outcomes Whilst</b>	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.
<b>Prosperous Place Stretch Outcomes</b>	<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 efficiencies within the Fleet Workshop which will result in providing improved information to all service users of vehicles and plant.</p>

<p><b>Regional and City Strategies</b></p>	<p>The proposals within this report support the Regional Economic Strategy &amp; Action Plan, Energy Transition Vision, Strategic Infrastructure Plan, draft Regional Transport Strategy 2020, Local Transport Strategy, Hydrogen Strategy &amp; Action Plan and Air Quality Action Plan by proposing procurement of appropriate net zero emission vehicles.</p> <p>The proposals support the Council Climate Change Plan 2021 – 2025 but highlight issues in not meeting identified targets.</p>
<p><b>UK and Scottish Legislative and Policy Programmes</b></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**

<p><b>Assessment</b></p>	<p><b>Outcome</b></p>
<p><b>Impact Assessment</b></p>	<p>It is confirmed by Chief Officer Mark Reilly that no Integrated Impact Assessment is required.</p>
<p><b>Data Protection Impact Assessment</b></p>	<p>Not required</p>

**9. BACKGROUND PAPERS**

Fleet Replacement Programme – 21 September 2022

**10. APPENDICES**

Appendix A: Fleet Asset Management Plan – Vehicles (FAMP)

Appendix B: Phase 4 Fleet Replacement Programme Projected Spend for 2023/24



## **11. REPORT AUTHOR CONTACT DETAILS**

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