

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	10 November 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Fleet Replacement Programme
REPORT NUMBER	OPE/21/242
DIRECTOR	Rob Polkinghorne
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 refreshed 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 2 Fleet Replacement Programme for 2021/22 (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 Corporate Landlord 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 2 Fleet Replacement Programme for 2021/22 (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 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, City Growth and Resources and thereafter to procure appropriate works and services, and 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. BACKGROUND

- 3.1 The phase 1 Fleet Replacement Programme for 2021/22 was presented to Committee on 11 May 2021.
- 3.2 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 plant is generally 3-years. This ongoing practice aims to minimise expensive repair costs and give an enhanced residual value of the asset on replacement.
- 3.3 The Fleet Asset Management Plan (FAMP) has been 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.
- 3.4 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.
- 3.5 Council Officers are aware of increased manufacturing and delivery lead times involved with the Fleet Replacement Programme which is being monitored.
- 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 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 2020/21 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 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 for 2021/22 is contained within the £28.107 million budget profile for the Fleet Replacement Programme for financial years 2021/22 - 2025/26 approved by Council on 10 March 2021.
- 4.2 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 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. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Impact on the Revenue Budget for temporary hire of other vehicles and ongoing maintenance.	(M) (M)	Continued investment in the Fleet Replacement Programme including the introduction of alternative fuelled type vehicles may impact on the Capital Budget in the foreseeing future. New vehicles will reduce the need to hire vehicles to cover older vehicles and will reduce maintenance costs required to operate older vehicles. There is a risk that the transition from traditional carbon-based fuels to alternative fuelled vehicles may result in delays in the vehicle replacement programme. This may see an increase in maintenance and hire costs to temporarily bridge the gap of this technology transition.
Legal	Accumulating notices and warnings from regulatory bodies Revocation of Operator's Licence	(H) (M)	Continued investment in the Fleet Replacement Programme reduces the risk of failure to comply with the requirements of the Operator's Licence.

Employee	Skill Set	(M)	Technicians require modern skill sets to maintain the changing fleet from old to new technology.
Customer	All Services.	(L)	Non-replacement of vehicles and plant could impact on the ability of services to carry out their public duties.
Environment	No significant risk.	(L)	Replacement Programme will introduce alternative fuelled type vehicles which will reduce emissions and the Council's carbon footprint.
Technology	Modern Workshop	(L)	Adaption to existing workshop facilities and equipment aligned to changing industry technologies.
Reputational	Reputational damage from loss of Operator's Licence.	(M)	Fleet Replacement Programme will enable the council to continue to meet the requirements of Operator's Licence.

7. 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	Whilst this report has no direct impact on the

Stretch Outcomes Whilst	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>Implementation of Telematics 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 will give 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>
Regional and City Strategies	<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>
UK and Scottish	The recommendations in this report contribute to

Legislative and Policy Programmes	<p>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>
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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

Appendix B: Projected Spend, Fleet Replacement Programme

11. REPORT AUTHOR CONTACT DETAILS

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