

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Finance and Resources
<b>DATE</b>	10 February 2026
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Fleet Replacement Programme 2025/2026 (Annual Report)
<b>REPORT NUMBER</b>	CR&E/26/20
<b>DIRECTOR</b>	David Dunne
<b>CHIEF OFFICER</b>	Mark Reilly
<b>REPORT AUTHOR</b>	Mark Reilly
<b>TERMS OF REFERENCE</b>	1.1.5 & 1.1.8

### 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 6 Fleet Replacement Programme Projected Spend for 2025/2026 (Appendix B) and future Fleet Replacement requests.
- 1.2 This report provides an updated position on the essential interdependencies on the Fleet Replacement Programme now and moving forward.

### 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 Approves the phase 6 Fleet Replacement Programme for 2025/26 (as detailed in Appendix B); and
- 2.3 Delegates authority to the Chief Officer – Operations, following consultation with Chief Officer - Commercial and Procurement Shared Services and the Chief Officer – Finance:-
- (a) to consider and approve any additional procurement business cases for vehicles and plant for the purposes of Procurement Regulation 4.1.1.2;
  - (b) to 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 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, which Phases 2, 3, 4 and 5 being presented annually, the most recent being to Finance and Resources Committee on 5 November 2024.
- 3.2 Since then and currently, whilst Fleet continues to recover from previous delayed procurement activity due to consideration of the new fuel technologies entering the market and continued supply chain issues, the sector has encountered continued instability including variable 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 plans otherwise an ageing Fleet brings risk and issue to the delivery of all Council services.
- 3.3 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.
- 3.4 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 Whilst the FAMP reflects current asset type, the market availability and continuing development of vehicles and plant together with the infrastructure issues are such that like-for-like replacement will be the default position where the introduction of non-carbon technologies are limited. The Fleet Manager is actively scanning industry opportunities to identify best value and best asset replacement options. As such Appendix B may require changes to the pricing options; which will be captured in any additionally required business cases.
- 3.6 The 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.

- 3.7 The current procurement intentions detailed in Appendix B may be influenced by activities introducing enhanced Net Zero opportunities as Fleet continues to support a more carbon friendly environment.

### **Fleet Interdependencies / New Technology**

- 3.8 Fleet is engaging with Finance, Corporate Landlord and other services to maximise the volume of alternative fuel powered vehicles and plant, and develop associated infrastructure.
- 3.9 This aligns with the Council Climate Change Plan 2021 – 2025, Local Outcome Improvement Plan 2016-26, the Local Strategy Plan 2016-2021 and the Nestran's Regional Transport Strategy 2013-35 for clean transport for the city, and presents an improved on-the-road image to the citizens of Aberdeen.
- 3.10 Fleet Services continues to put in place initiatives to support the delivery of the councils ambitions of replacing carbon fuelled vehicles with alternative fuelled vehicles. There is a challenge on the service in delivering the council ambitions as there is insufficient investment in infrastructure and grant funding for Local Authority Fleet Services is limited. Investment in infrastructure will be required for Fleet services to meet the councils ambition of a fully de-carbonised fleet of vehicles.

### **Current Fleet Profile**

- 3.11 To maximise the transformation to a greener fleet, it is intended that all new purchases will be focused on hydrogen / electric power as the fuel of choice as the current market and infrastructure permits, with alternative considerations of dual fuel and carbon fuel. Existing vehicles which are suitable for hydrogen and which are not due for replacement will still be considered for conversion to dual fuel whilst those not suitable will remain as carbon fuel variants.
- 3.12 Fleet Services have currently replaced and are planning to replace vehicles with alternative fuelled vehicles. these are:

a) Hydrogen – Dual - Fuel.

Vehicles operating 11 vehicles (Incl vehicles in Waste, Roads, and Environment Services).

Vehicles to be commissioned number 17.

The service has 14 hydrogen dual -fuel conversion kits in stock waiting to be fitted.

b) Electric Vehicles – Details of Electric Vehicles can be seen in Appendix A

- 3.13 Whilst alternative refuelling infrastructure continues to be developed, Fleet continues to work with manufacturers and developers to introduce dual fuel capability (a vehicle that can operate on both diesel / hydrogen, or diesel / electric) 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 when infrastructure permits.

### **Dependencies on infrastructure**

- 3.14 The transition of Fleet from carbon to non-carbon fuelled vehicles has a significant dependency on appropriate infrastructure being in place to deliver on the Councils ambition.

The Energy Board is holistically taking into account the Councils Net-Zero ambitions including the requirements and progress of Fleet Services to Net-Zero.

### **Fuelling Infrastructure**

- 3.15 The circumstances reported to Finance and Resources Committee on 5 November 2024 - Fleet Replacement Programme 2024/25 (CR&E/24/306) (Sec 3.9 to 3.13 of related papers) remain current . There has not been any hydrogen fuel available to the City Council fleet over 2025 although there are on-going discussions with a view to commence hydrogen supply in this calendar year (Finance and Resources Committee – 5 November 2025 – Aberdeen City H2 Programme (CR&E/25/244). The provision and supply of hydrogen fuel is currently subject to on-going contractual discussions being conducted by the council.
- 3.16 Similarly, whilst electric vehicle infrastructure for council fleet has remained relative static, developments have identified additional isolated small sites suitable for electric vehicle charging. This has enabled the an increase in available fleet charging facilities and upgrade of some existing charging points. These are relative small improvements in the Fleet recharging infrastructure and further investment will be required to deliver sufficient charging infrastructure to meet the needs of services. The council is considering other potential larger sites for fleet electric vehicle charging. In addition there is an ongoing project considering the development of on-street electric vehicle charging. This would support Fleet in providing increased infrastructure for the procurement of increased numbers of fleet electric vehicles.
- 3.17 However, there is a further challenge to electric vehicle charging with ensuring that there is sufficient charging capacity across all of the local grid.
- 3.18 **Depot**

3.19 The suitability of the current fleet maintenance facilities limits the service moving quickly to alternative fuel technology. An independent review of the current fleet maintenance premises concluded the following:

- a) "Overall, Fleet Workshop: Heavy Vehicle Maintenance shops are inadequate and disproportionate to functional needs. In the next 20 years there will be significant changes to how Fleet Maintenance operates because of Aberdeen's transition to zero emissions." and
- b) Overall, Fleet and Office Accommodation and Welfare areas are inadequate and disproportionate to functional needs.

### **Other Fleet Initiatives**

#### **3.20 Low Emission Zone (LEZ)**

3.21 The Fleet Replacement Programme will support service delivery within the LEZ. However not all vehicles or plant will be required to operate within the LEZ. Services have been reminded to review their fleet utilisation within the LEZ and consider appropriate deployment of assets and/or seek exemption in respect of any specialist vehicles where vehicles do not comply. Currently 98% of the council's fleet can operate in the LEZ.

#### **3.22 Fleet Utilisation**

Fleet are actively engaging with all Services to improve Fleet utilisation and to try and reduce the use of hire vehicles. This will potentially result in an initial increase of Fleet assets. If fully achieved there will be a potential saving in some service revenue budgets but likely an increase in the revenue budget for the general fund.

#### **3.23 Staff Training Opportunities**

The Council was successful in receiving £60,000 grant funding from Transport Scotland through the Heavy Duty Vehicle Skills Challenge Fund that will progress Aberdeen City Council hydrogen technician training for Fleet colleagues (Finance and Resources Committee 5 November 2025 – Aberdeen City H2 Programme).

## **4. FINANCIAL IMPLICATIONS**

4.1 The budget for the 5 Year Fleet Replacement programme is set annually as part of the Council's Budget process, with the latest budget approved by Council on 5 March 2025.

4.2 The challenges facing the Fleet service as outlined in section 3 above means there is an increasing risk that the cost of replacement vehicles and plant may exceed the available budget. Current replacement activity is being funded from the £26.911 million capital budget approved for 2025/26 to 2029/30. It is extremely unlikely that spending plans for a single financial year would require

this entire budget, however cost pressures are occurring and may require to be addressed through future budget cycles.

- 4.3 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, in terms of the Goods Vehicles (Licensing of Operators) Act 1995. Additionally, all road assets must comply with The Roads Vehicles (Construction and Use) Regulations 1986 and The Roads Traffic Act 1988 and any other applicable vehicle legislation. All vehicles and plant must be maintained and operated in accordance with the various Health and Safety Executive legislation and guidelines.

## 6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The recommendations of this report will impact, potentially negatively, with low emission diesel replacements not returning as positive 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	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	L	Yes

	programme of work are in place to ensure delivery of the transformation programme.	transformation 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.	H	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>COUNCIL DELIVERY PLAN 2025-26</b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>  <b><u>Working in Partnership for Aberdeen</u></b>	The proposals in the report will have a positive impact by developing the Fleet Replacement Programme with a focus on alternative fuel vehicles and associated infrastructure.
<b>Economy</b>	The proposals in the report have no impact on the Local Outcome Improvement Plan
<b>People</b>	The proposals in the report have no impact on the Local Outcome Improvement Plan
<b>Place</b>	Stretch Outcome 13 - The proposals in the report support addressing climate change by reducing Aberdeen's Carbon emissions; through maintenance of an effective operational fleet, enabling maintenance of green space environment and local road and pavement network; and enables other service providers to improve service efficiencies.
<b>Community Empowerment</b>	The proposals in the report have no impact on the Local Outcome Improvement Plan
<b>Regional and City Strategies</b>	<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>

## 9 IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	No assessment required for this report. I confirm this has been discussed and agreed with Mark Reilly, Chief Officer - Operations on 15 January 2026
<b>Data Protection Impact Assessment</b>	Not required 19/01/2

## 10. BACKGROUND PAPERS

Fleet Replacement Programme – 5 November 2024



**11. APPENDICES (if applicable)**

Appendix A: Fleet Asset Management Plan (FAMP)

Appendix B: Phase 4 Fleet Replacement Programme Projected Spend for 2025/26

**12. REPORT AUTHOR CONTACT DETAILS**

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