

Subject:	Fleet Strategy 2020 - 2030		
Date of Meeting:	21st January 2021		
Report of:	Executive Director Environment Economy and Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report introduces the corporate Fleet Strategy 2020-2030
- 1.2 The strategy sets out how it is intended to provide fleet for the functions of the council ensuring best value for money is achieved and the efficiency of services is maximised.
- 1.3 The recommended approach is to work towards the decarbonisation of council fleet by 2030 in order to contribute to becoming a Carbon Neutral City by 2030
- 1.4 The Fleet Strategy was presented to Environment Transport and Sustainability Committee on 24th November 2020. The committee made the recommendations below to Policy and Resources Committee.

2. RECOMMENDATIONS:

- 2.1 That the committee agreed to adopt the Fleet Strategy 2020-2030 (appx 1) and Action Plan (appx 2).
- 2.2 That the committee agrees that the model of centralised purchasing through the Fleet Service using unsupported borrowing is preferred to leasing.
- 2.3 That the committee approves £1 million additional capital investment funded from unsupported borrowing in 2021/22 to enable the decarbonisation of the council's refuse vehicle fleet.

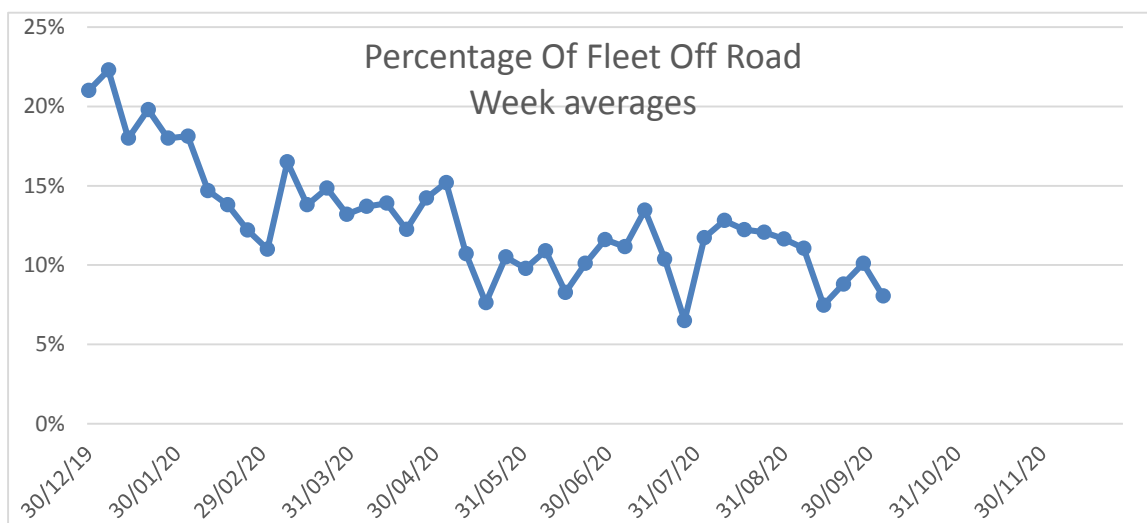
3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Fleet Service sitting within City Environmental Management provide a fleet procurement, maintenance and management service for the whole council.
- 3.2 The council's fleet currently comprises of 411 vehicles, ranging from mopeds, minibuses, tractors, vans and cars. This includes 57 Heavy Goods Vehicles which are subject to Operator Licence Requirements. Our fleet is primarily owned (291 vehicles) and purchased through unsupported borrowing.

3.3 The Fleet Service also provides a maintenance and repair service based at Hollingdean depot

3.4 In some areas of the council, such as Cityclean, the fleet is aging. The optimum replacement age of a vehicle to recoup vehicle costs and maintain reliability is 7 years. In Cityclean 40 vehicles are over 7 years old and in need of replacement or substantial refurbishment in order to reduce maintenance costs and service disruption due to repairs. This scenario is replicated in many areas of the council.

3.5 In Cityclean an active vehicle replacement programme has commenced ending all costly hire and lease arrangements. Improvements have been made in the performance of the workshop reducing the days that vehicles are off the road causing service disruption. The table below demonstrates the improvements made.



3.6 The strategy sets out for objectives for corporate fleet procurement and management for the next ten years which are:

- Provide council fleet which enables the delivery of high quality and efficient council services.
- Minimise the carbon produced for the whole life cycle of vehicles in the council fleet from production to emissions
- Working with Greater Brighton Economic Board and partner organisations develop low carbon infrastructure to provide clean energy solutions to fuel new fleet technologies
- Achieve the highest possible vehicle maintenance and driving standards across the council, ensuring regulatory compliance for staff and customers

3.7 The action plan in appendix 2 sets out the detail of how these objectives will be achieved.

3.8 Purchasing centrally through the Fleet Service will continue to ensure best value for money by maximising purchasing power to reduce costs to the council. The model in table 1 of the strategy demonstrates the benefit of purchase and resale at the optimum time to be more cost effective than leasing or hiring vehicles.

- 3.9 Our current fleet is primarily fuelled with diesel. In 2017/18 it was estimated that 2370 tonnes of carbon was emitted by council fleet fuel which amounted to 11% of the council's total carbon production.
- 3.10 In order to achieve a Carbon Neutral City by 2030 it is critical that as the council replaces fleet, that low carbon low emission vehicles are opted for wherever possible. A report to Environment Transport and Sustainability Committee in November 2019 recommended that the council took a flexible approach to fleet procurement, aiming to achieve maximum carbon reduction per pound when replacing vehicles. At the time the untried and tested nature and lack of supply of some low carbon vehicles rendered them prohibitively expensive.
- 3.11 This approach has been taken over the last 12 months and the council now owns 12 electric vans and 15 hybrid cars.
- 3.12 Technological improvements and supply of non fossil fuel vehicles is progressing rapidly. While electric vehicles are becoming more readily available new technologies for low carbon low emission vehicles are emerging such as hydrogen cell fuelled vehicles. There are opportunities to introduce vehicles that support active travel such as cargo bikes and electric bikes. The improving network of cycle lanes assists in making this a more feasible fleet option for some services.
- 3.13 We are now at a point when heavier and more technical vehicles types such as HGVs have been shown to be fully functional, reliable and more readily available. City of Westminster already use a fleet of electric RCVs for refuse collection. Biffa in Manchester have one EV RCV and have just ordered another 20. Glasgow City Council has recently placed an order for a fleet of hydrogen fuelled RCVs. Refurbished electric RCVs and other vehicles are now becoming available reducing the carbon costs of production and supporting circular economy principles. An advantage of electric RCVs is that they have fewer moving parts, lower maintenance costs and are projected to operate efficiently for 10-15 years rather than 7-10 years for diesel vehicles. A table comparing new technologies for RCVs is attached as appendix 3.
- 3.14 A number of models suggest that the transition from diesel to electric vehicles can be made without incurring substantial additional costs over the life time of the vehicle by reinvesting savings from fossil fuels and maintenance into borrowing for new electric vehicles. A report demonstrating this by the Energy Savings Trust, commissioned by Manchester City Council, is attached at appendix 4.
- 3.15 However some investment is needed up front to start releasing these savings and for this reason it is recommended that additional borrowing of £1m is permitted to allow for investment in electric fleet as part of the RCV ten year replacement programme. It is important to note that the replacement programmes will need to be iterative, changing as service needs change, new technologies become available and costs change. In order to decarbonise the fleet by 2030 it is recommended that the council starts the transition to low carbon fleet and progress reports on the effectiveness and savings realised are brought to committee annually so that additional borrowing to enable purchase of additional low carbon vehicles can be considered.

- 3.16 The strategy includes working with all relevant council services to develop 9 year decarbonisation vehicle replacement models.
- 3.17 In order to maximise decarbonisation, it is critical that only clean energy is used to fuel the fleet and that sufficient infrastructure is developed in line with the replacement models in order to deliver the clean energy required. In order to do so the council will continue to work with Greater Brighton Economic Board, partner organisations and other Local Authorities to achieve this.
- 3.18 It is important to note that the RCV replacement programme will need to progress alongside investigations and if necessary investment into the power infrastructure at Hollingdean depot. An action in the Fleet Strategy is to prepare a business case, looking at different options and costs for the required infrastructure.
- 3.19 The strategy also sets out the Fleet Service role in overseeing driving standards across the council and actions to drive up standards and increase efficiency by reducing the risk of accidents and associated costs.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Purchase costs for diesel vehicles are substantially lower than EV's, the cost of maintenance and fuelling are much greater.
- 4.2 Diesel vehicles will be available up to and beyond 2030, however consideration for the end of life disposal must be given as our old fleet may be used again elsewhere in the world.
- 4.3 Over the next few years, it is anticipated the demand for EV trucks will overtake production and lead times will increase.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The draft strategy has been shared with relevant departments and the trade unions for feedback and comment.
- 5.2 Driver feedback on demonstration models will be sought. This will help determine the correct choice of vehicle.

6. CONCLUSION

- 6.1 The Fleet Strategy 2020-2030 if adopted will set out a route map for the council to increase efficiency through the provision of fit for purpose fleet and to contribute towards becoming a carbon neutral city by 2030.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The capital budget for investment in fleet replacement for 2021/22 (and beyond) is currently £1.5 million. The proposal in this report is to increase this to £2.5 million in 2021/22. The additional cost of £1 million unsupported borrowing is an estimated £1.132 million in total or £162,000 per year (assuming an interest rate of 3.2% and

an average asset life of 7 years). This can be funded from both within existing Fleet Management budgets and from ongoing revenue savings generated by lower fuel and maintenance costs for green (electric)

7.2 The Capital Strategy, including the 5-year Capital Investment Programme, for 2021/22 to 2024/25 will incorporate the additional £1 million for 2021/22, if approved, and will also propose an increase in the annual investment from £1.5 million to £2.5 million from 2022/23 onward. If approved by Budget Council, this will create a revenue financing commitment that will need to be reflected in the Medium Term Financial Strategy and future budget setting rounds from 2022/23 onward.

7.3 The ongoing (and any additional) investment in a decarbonised fleet will be reviewed for affordability at least annually as part of annual budget setting process.

Finance Officer Consulted: Jess Laing

Date: 10/11/2020

Legal Implications:

7.4 There are no direct legal implications arising from the report.

Lawyer Consulted: Hilary Woodward

Date: 28/10/20

Equalities Implications:

7.5 A range of adaptations can be sourced to enable employees with specific needs to have access to them.

Sustainability Implications:

7.6 BHCC have a commitment to being Carbon Neutral by 2030 and have started this process now by introducing Electric and Hybrid vehicles now. Wherever possible circular economy principles will be applied.

Brexit Implications:

7.7 There are several UK based manufacturers that produce Electric HGV vehicles. There are a number of products sourced within the UK, Europe and throughout the rest of the world for the production of these.

SUPPORTING DOCUMENTATION

Appendices:

1. Fleet Strategy 2020-2030

2. Fleet Strategy Action Plan 2020-2030
3. Comparison of Vehicle technologies
4. Energy Saving Trust Fleet Review – for Manchester City Council

Background Documents

1. None