CABINET

Report subject	**Phase 2 - Council Sustainable Fleet Management Strategy and Fleet Replacement Programme**
Meeting date	5 February 2025
Status	Public Report
Executive summary	The report provides an update on progress against Phase One of BCP Council's adopted Fleet Replacement Programme. Furthermore, the report seeks endorsement of Phase Two to continue to support the council wide Fleet Management De Carbonising and Replacement Programme for the next 3 years, 2025 – 2028. Investment in vehicle replacements will ensure a pathway approach that will help to ensure that BCP Council has fit for purpose, safe, reliable, cost effective and carbon reduced vehicles, plant and associated equipment assets, in the right place at the right time and at the right cost to support the strategic, corporate and service objectives of the Council. If approved this will continue to form the basis of an ambitious council wide Fleet Management De Carbonising Strategy that proposes to balance value for money investment in the necessary alternative fuel technology and infrastructure to support a continued increase in the number of Ultra Low Emissions Vehicles (ULEV) purchased and operated by the council and reduction in CO2 emissions of non ULEV's to support the council's 2030 carbon neutral declaration.
Recommendations	**It is RECOMMENDED that Cabinet:** **a) Note the good progress made in transitioning the Council's corporate fleet assets against challenging international marketplace conditions and balancing risk exposure on unproven new vehicle technology market entrants.** **b) Endorse Phase Two of BCP Council's Sustainable Fleet Replacement Plan, through an in house management and maintenance delivery model to achieve a safe, compliant, ultra-low emission fleet and future key infrastructure decisions required that will determine its direction and success.** **c) Acknowledge that without significant investment in suitable premisses and area wide utilities that will deliver the required infrastructure to support the continued modernisation and electric decarbonisation of the BCP fleet in future Phase 3 2028 – 2030, future green fleet transition will be limited unless progress in alternative fuel technologies are forthcoming especially heavy goods vehicles.** **d) Cabinet recommends that Council: -** **(i) Approve the phase two fleet replacement programme of £19.857m over 3 years.**

	(ii) Approve the use of £18.692m new prudential borrowing for the Fleet Replacement Plan and the capital investment necessary in increasing associated EV charging infrastructure recognising the impact of this on the annual revenue budget requirement. **(iii) Approve use of capital receipts from the sales of vehicles of £1.165m to fund part of the phase 2 fleet replacement plan.**
Reason for recommendations	The proposed replacement and management plan is a continuation of the adopted Sustainable Fleet Strategy that provided Capital fleet funding and governance for years 2021 – 2024 building on the existing framework towards achieving a sustainable fleet for BCP Council and a commitment towards its ambition of becoming carbon neutral by 2030. Failure to approve the fleet replacement plan places the authority at risk as vehicles reach end of life and require increased maintenance, which impacts on services risking repeated statutory service failure, associated reputational damage, increased revenue budget pressure and potential for breach(es) of Operator Licence compliance.

Portfolio Holder(s):	Cllr Andy Hadley – Climate Response, Environment and Energy
Corporate Director	Glynn Barton Environment & Communities
Report Authors	Kate Langdown – Service Director Mark Parsons – Transport & Operating Centres Manager Mike Morris – Property Services Manager Chantelle Carruthers – Finance Manager Anna Fresolone – Finance Manager Russell Smith – Accountant
Wards	Not applicable
Classification	For Recommendation & Decision

Background

1. On 23 June 2021 BCP Councils first 'Transition to a Sustainable Fleet Strategy' was approved by Cabinet.

Progress against approved Phase One recommendations

2. The initial 3-year commitment set out an ambitious beginning for our pathway towards greening our fleet of vehicles, proposing to procure an additional 104 electric vehicles within an overall total of 370 vehicles identified as possible need for replacement in the period.

Progress against each of the approved recommendations is detailed as follows:

Recommendation A

Members endorse the Sustainable Fleet Management Strategy, acknowledging the necessity for an initial 3 year phased approach towards achieving an ultra-low emission fleet and future key infrastructure decisions required that will determine its direction and success.

3. The Covid 19 pandemic recovery and other global matters disrupted the automotive industry including manufacturing and supply chain challenges, meaning product lines were severely reduced, raw materials and parts scarce and resulted in extended lead times for delivery of new models which have risen in cost. This resulted in some instances in extended procurement timelines, lack of choice, and extending the use/retention of some vehicles and equipment.

4. Between June 2021 – December 2024 Fleet Services have procured a total of 393 vehicles, significantly improving the safety and efficiency of the BCP council fleet, through advanced camera safety systems, vehicle telemetry, and in cab technology such as route optimisation and vehicle utilisation data.

5. Following the adoption of the replacement plan in 2021, a further 40 vehicles and plant assets to the approved plan have been purchased through Fleet Services working collaboratively with directorates in direct response to subsequent organisational harmonisation and internalisation of functions decisions including, Housing maintenance, Cleansing services, Greenspace maintenance, operation of Christchurch HWRC and waste transfer station facilities.

6. Over the course of the plan a total of 66 fleet assets have been procured as electric vehicles. This includes 7 large goods vehicles (waste collection vehicles).

7. Fleet services continue to procure vehicles within the approved plan and allocated spend, 8 of these coming forward being electric vehicles. This will bring the total number of electric powered vehicles to 74 by 1st April 2025 against the original ambition of 104.

Recommendation B

Members endorse the move to using approved and accredited Hydrotreated Vegetable Oil (HVO) as a replacement for conventional diesel in the council vehicle fleet. This is a cleaner, less polluting fuel and results in a significant CO2 emission reduction and to proceed with the procurement of a supplier for the provision of HVO fuel and the supply.

8. BCP Council has undertaken HVO fuel trials since 2020. These trails have proved operationally successful with no detrimental impact to vehicle performance or maintenance spend. BCP Council as an early adopter of this alternative drop in fuel has attracted wider Local Authority interest and has supported evidence gathering for others seeking to adopt wider use as an interim solution to decarbonise heavy goods vehicles whilst industry manufacturing solutions develop and become affordable against diesel alternatives.

9. Given HVO is generally more expensive than diesel and the context of wider financial challenges facing the authority, to date a wider switch to HVO fuel across our corporate fleet assets has yet to be progressed. Officers continue to use it amongst the cleansing sweepers and monitor pricing, should the price per litre align within allocated fuel budget a switch may be applied and accredited fuel supplied via the recent corporate fuel contract that includes safeguards to ensure accredited supply of HVO.

10. Whist HVO can offer a net CO2 ghg saving compared to diesel of up to 90%. Based on existing *(11/2024)* contract price, this would be an increase of £463k per year on top of current diesel fuel spend (£1.822m) with such discretionary costs failing outside of current statutory spend controls

Recommendation C

Members approved the £0.39m capital spend necessary to fund the supporting infrastructure investment to realise significant increase in ULEV's purchases.

11. The infrastructure investment at Hatchpond Depot through the electricity network operator (Designated Network Operator DNO) proved problematic with missed time commitments from the DNO due to a backlog of works ultimately resulting in a 2 year delay for this work to be completed. Whilst this did not restrict vehicle purchasing decisions it did affect potential utilisation of electric vehicle (EV) assets. Going forward the depot now has the capacity to support all the vehicles allocated there at full charging capacity which allows the opportunity for double shifting and therefore increases the efficiency of the electric refuse collection vehicle (RCV) fleet assets.

12. The expanded electrical capacity at Hatchpond Depot has allowed for an additional 500kw of power in excess of the current load use, therefore the depot could now support up to 20 new chargers in terms of power capacity without major works subject to Operator Licence conditions regarding vehicle storage.

13. To date a total of 53 internal use vehicle charge points have now been installed across council owned sites to realise successful fleet EV transition.

Recommendation D

Members approve the Fleet Replacement Plan 2021 – 2024 and authorise the procurement of the remaining vehicles in the plan as vehicle lives expire.

14. The breakdown of actual vehicle and plant purchases within the adopted plan are reportable as:

Financial Year	No of diesel vehicles	No of electric vehicles
2021/22	45	9
2022/23	70	21
2023/24	113	24
2024/25	99	12 + 8 currently on order
Total	**327**	**74**

Recommendation E

Members approve the use of new prudential borrowing for the Fleet Replacement Plan, and recognise the impact of this on annual revenue budget requirement

15. For the years of the approved plan the following annual prudential borrowing repayments have been made:

Financial year	Total Annual Repayment (£'000)
2021/22	558
2022/23	1,310
2023/24	1,941
2024/25	2,954
2025/26 (required as part of budget setting process)	3,822
Total to date	10,585

Carbon savings realised

16. Corporate vehicle fuel emissions accounted for 3,601 tonnes of carbon dioxide equivalent (tCO2e) in 2023/24. This is 45.08% of Council's Scope 1 emissions and 7.99% of the Council's total operational greenhouse gas emissions

17. Through the application of the sustainable replacement programme the Council is now delivering an annual carbon saving of 250 tonnes against replacement using traditional diesel engine assets, however it is important to consider that BCP council no longer purchases its energy sustainably due to rising cost and therefore the C02 produced by the supply of electricity has been deducted from the overall carbon saving at (0.20706 kg per kw), If in future the council return to the purchasing of energy sustainably a saving of an additional 92 tonnes would be achievable bringing the overall carbon saving to 342 tonnes per year.

18. BCP Council like many other Local Authority Depots faces challenges around EV charging capacity e.g. Southcote Road Depot which is nearing the limits of existing depot power capacities, and the service has already installed additional charging units across other readily installable satellite locations. Working with the Council Environmental Sustainability Team Fleet Services is looking at other options to boost charging capacity for the fleet, including the Local Area Energy Plan linked to wider work around an implementation plan for the BCP Council's Electric Vehicle Infrastructure Strategy.

Whole life cost/Value for money learning

19. Electric vehicles are currently no longer as economically attractive to operate as they previously were, even for the smaller vehicles. This is primarily due to the rising cost of electric resulting in a higher cost of charge per KW and the now reducing cost of diesel prices again.

20. The result is a closing gap in fuel savings between diesel and electric. Also relevant is that BCP Council operates within a small boundary, so its fleet mileage is not high for many vehicles, whereas fuel savings become more relevant the higher the mileage. When considering this and the difference in initial costs of electric vs diesel for large commercial vehicles where the purchase costs can be double the cost of a standard Internal Combustion Engine (ICE) alternatives and the current reduced fuel savings from electric are unable to provide a significant financial offset and unlike smaller electric vehicles, there is little or no saving with maintenance due to the nature of commercials vehicles legally requiring frequent planned maintenance inspections.

21. Affordability Whole-Life Costs – ICE vs ULEV to inform decisions on capital expenditure there is the need to understand the full costs of running a ULEV fleet when compared to an ICE fleet. Whole or Total Life Costs are calculated using the following:
    - Final purchase price. This is the cost of the vehicle to the organisation and where possible after any OLEV grant funding and any dealer discounts
    - Running Costs. This is the forecasted cost of maintenance ,(inc damage) fuel and any tax liabilities. Cost per mile is simply the fuel costs incurred per mile i.e. cost in providing electric or diesel/petrol to power the vehicle

    Worked data evidenced examples are based on first 3 years EV data against comparable diesel equivalent. Please note modelling of EV's does not take account of inflationary price rises during operational life, unknown age related wear as vehicle assets are new to service.

    Small van (averaged costs) over 9 year operational life

	Electric	**Diesel**
Typical purchase price	£25,841	£28,990
Fuel/charging cost	£5,943	£8,977
Maintenance including operating costs	£2,389	£4,827
Whole life cost	**£34,173**	**£42,794**

    Medium Van – (3.5 tonne) (averaged costs based on a small database of owned EV's) over 9 year operational life

	Electric	**Diesel**
Typical purchase price	£39,186	£33,831
Fuel/charging cost	£4,307	£7,398
Maintenance including operating costs	£3,699	£4,044
Whole life cost	**£47,192**	**£45,273**

RCV waste collection vehicle (averaged costs from 7 EV / equivalent ICE) over 8 year operational life

	Electric	Diesel
Typical purchase price	£412,903	£205,020
Fuel/charging cost	£76,191	£86,434
Maintenance including operating costs	£25,968 (excludes capital costs for extended warranty on 4 vehicles £19k each)	£67,520
Whole life cost	**£515,062**	**£358,974**

Replacement plan 2025 – 2028

22. There are five important questions that are asked to determine what the Council's Fleet requirements are:

- Is this a service that the Council wishes to see provided?
- Is this service provided by the Council directly?
- What are the fleet requirements for the identified level of service (can it be EV could it be a cargo bike alternative)?
- What are the financial implications for the Council?
- What are the risks to the Council – if any of the above change?

Options Considered

Option A

23. To retain the existing vehicle fleet and continue to extend it beyond its useful life. This option is not recommended as it would lead to further increases in disruption to key services, maintenance costs, downtime and increased hire cost due to more complex repairs becoming necessary. This would also prevent the Council from utilising newer technology and lower/zero emission vehicles and increase in more harmful emissions as engines become less effective.

Option B

24. To retain Fleet Management and Workshop functions in house utilising prudential borrowing by making annual capital bids for vehicle replacement. This option is not recommended as without a clear Fleet Strategy for the replacement of vehicles meeting the Council's climate and service plans Fleet Services are unlikely to achieve as much of the investment as consideration can only be delivered over several years, not in any one given twelve-month period.

Option C

25. To retain Fleet Management and Workshop functions in house and approve a three year funding programme utilising prudential borrowing for outright purchase were identified as best value - Recommended approach in line with Phase One and commonplace within Local Authorities with broad vehicle and plant asset profiles.

Option D

26. Outsource service provision to private lease and contract hire suppliers. Revisiting historic fleet delivery models used both in Poole and Bournemouth previously proved costly, problematic and ultimately resulted in re-internalisation.

27. With the availability of Government procurement frameworks, competitive tendering and favourable borrowing rates, BCP can operate an in-house manged fleet cost effectively. Leasing businesses are for profit organisations, and are unable to demonstrate a cost saving through the vehicle whole life cost model and are unable to realise the benefit of control and ownership, leasing presents a greater risk to services through various contractual restrictions and hidden costs throughout the life of the vehicle, including, loss of and prioritisation of workshop functions, increased downtime, damage and return charges, for example via vehicle hire/lease contract.

Recommended approach

28. To progress with Option C - BCP Council operates two high performing flexible workshop facilities consistently achieving a Green OCRS (Operator compliance risk score) status monitored and issued by the DVSA (Driver & Vehicle Standards Agency). Staff are trained to maintain a specialist and diverse municipal fleet including electric and taxi vehicle licence inspections for Regulatory Services.

29. Phase Two seeks to robustly build on the existing 74 EV fleet currently operated by the council, by procuring a further 102 electric vehicles to replace existing end of life diesel vehicles. And a further 178 ICE vehicles with modern clean engine equivalents.

30. Phase Two of the sustainable fleet replacement plan is primarily focused on non HGV sized vehicles linked to life profile of the council's vehicle fleet.

31. Given the current limited availability of EVs to meet the diverse Council fleet needs, the uncertainty over whether or not hydrogen (no local solution as yet coming forward) or if EV will become the optimum technology for larger operational vehicles and specialist plant, the current constraints on available EV charging infrastructure and ongoing payback/value for money principles associated between current diesel versus EV procurement, the proposed replacement programme has been carefully measured in its approach but at the same time it is expected that the proportion of EVs in the fleet will nevertheless continue to sustainability increase, both environmentally and financially/whole life cost saving.

32. Building on from Phase One, Phase Two will place BCP Council amongst leading Councils in transitioning towards operating a green fleet asset with a total of 176 EV vehicles anticipated to in operation by 2028, supporting our Scope 1 decarbonisation emissions target in 2030. It is however acknowledged that BCP Council like other Local Authorities will need to adopt interim measures to achieve this target whilst the industry continues to develop and whilst purchased non EV vehicles reach next replacement schedules. Options include procuring green electricity to increase the carbon saving achieved and a temporary use of HVO as an interim proven drop in fuel that can achieve a 90% reduction in carbon.

33. To facilitate the increase in transition to EV further investment in EV infrastructure is required to maximise capacity at our main depots, much of the investment cost of which would be suitable for relocation should the Council realise its ambition to relocate its current Depot(s) operations to a central fit for purpose facility.

34. Indicative costs for investment needs are £34k for further site-based chargers across operational sites.

35. Increasing the number of EV charging opportunities is limited by the grid capacity at each site, further considerations and limitations for expanding EV vehicle procurement at existing sites relate to ensuring adequate parking/charging spaces between vehicles to reduce the industry evidenced increased fire risk associated with EV vehicles and lithium-ion fires with large and medium vehicles requiring a recommended minimum space of 2.2 metres between vehicles to reduce fire spread risk and support insurance policies.

36. All vehicles in the Council fleet have an expected operational life for maximum productivity and efficiency. This operational life varies but in general has increased due to technological improvements in recent years with life extended to now be operational for between 8 - 11 years, dependent upon the nature of the vehicle's type and operation.

37. The summary table below is indicative only and based on best market and service need knowledge at the current time that will be informed by further directorate challenge on need and forthcoming future outcomes from service delivery reviews e.g. home to school transport and social care transport requirements in addition to marketplace exploration through approved procurement exercises. Please note appendix one for full asset replacement list 2025 – 2028 detail and indicative costings

Financial Replacement Year	**No. proposed electric vehicles**	**No. proposed diesel ICE vehicles (exc plant)**
2025/26	47	115 (excludes outstanding orders for 2024/25)
2026/27	33	33
2027/28	22	30
Total	**102**	**178**

38. Summary by Electric Vehicle purchases over life of Phase Two by types

Vehicle type	**No of vehicles planned**
Small vehicles	51
Medium – 3.5 tonne vehicles	35
Large goods vehicles	8
Misc/specialist vehicles e.g. road sweepers	8
Total	**102**

39. The plan will continue to be adapted throughout its lifetime for example in response to the council's transformation agenda via service directorates with the ambition to realise an overall reduction in the number of assets utilised by the council where achievable including a shift to more sustainable modes of travel. Any increase in assets held against the plan, for example, to support income generation or growth demand will continue to

only be supported via the production of an approved business case and identified funding.

40. Work has been undertaken to trial the use of electric bikes and electric cargo bikes amongst Directorates with taster days and grant applications including the introduction of cargo bikes within Seafront Operations. Further introductions are planned within Grounds Maintenance and Bereavement Services and officers will continue to explore opportunities to build on the learning and success of such sustainable transport asset options.

41. Home charging trials will also be undertaken during Phase two to learn and inform future options and understand full implementation and ongoing management costs. Passenger Transport Services will be the first service to participate in the trial which will be supported by human resources, finance, procurement and legal services.

Funding Strategy

42. The Phase Two £19.857m Fleet Replacement Plan (the plan), after the application of expected remaining available Phase One budget of £2.44m is proposed to be funded from prudential borrowing. Part of this plan will be covered by unutilised cumulative capital receipts from vehicle sales of £1.165m. The CIPFA Prudential Code for Capital Finance stipulates that a council can utilise prudential borrowing to finance capital expenditure where: "it is supported by a robust business case that demonstrates that both the borrowing capital and associated interest repayments can be funded over the life of the asset". Repayment of new borrowing is required to commence in the first full year after borrowing is taken out. It is proposed this will be facilitated through annual 'vehicle specific' borrowing repayment budgets established within base budgets, that spread the cost of upfront borrowing over 8 years (the average life of vehicles in the Plan).

43. The value remaining from Phase One BCP capital budget was £8.956m coming into 2024/25, of this £6.516m has been spent or is committed. This will require an additional repayment of prudential borrowing in the revenue budget for 2025/26 £868k (previously MTFP £713k). However, £2.44m would remain unspent, subject to any further orders made in 2025/26 which would reduce the total Plan Phase Two amount required. Figure 1 illustrates the final tranche of Phase One plan being utilised.

Figure 1

Financial Year	Phase One Capital Spend £'000	Additional Annual Borrowing Requirement £'0000
2024/25	6,516	
2025/26	2,440	868
2026/27		340
Total	8,956	1,208

44. Figure 2 below demonstrates the financial strategy of Phase Two of the plan over the next three years.

45. Capital expenditure of £8.085m in 2025/26, offset by the application of £1.165m of capital receipts (previous year vehicle sales) will require additional prudential borrowing of £6.92m

with an annual repayment of £1.218m from the revenue budget in 2026/27. The second year of phase two will require additional borrowing of £4.35m with an annual repayment of £748,000 from 2027/28 and the third year will require additional borrowing of £7.422m in 2027/28 with an annual repayment of £1.247m from 2028/29.

46. The capital borrowing is assumed over a period of 8 years which is the expected average life of vehicles. The borrowing repayments are calculated assuming the Link Group forecast interest rates of 5.1% from April 2025, 4.7% from April 2026 and 4.3% from April 2027.

Figure 2

Financial Year	Phase Two Capital Spend	Funding Strategy		
		Use of Capital receipts	Borrowing requirement	Annual Borrowing Repayment
	£000	£000	£000	£000
2025/26	8,085	1,165	6,920	
2026/27	4,350		4,350	1,218
2027/28	7,422		7,422	748
2028/29				1,247
Total	**19,857**	**1,165**	**18,692**	**3,213**

Financial Risks

47. Fleet cost estimates within the plan are based on recent vehicle acquisition prices, awarded either off competitive procurement frameworks or after a fully open procurement exercise. Whilst some allowance is made for inflationary increases in vehicle acquisition price, final capital outlay will only be known once the procurement process for each vehicle is completed. There is, therefore, an underlying financial risk that capital outlay in the Plan is undervalued. Also, sometimes it is not practical to replace with an identical model, so a similar vehicle might be acquired at a slightly higher or lower price.

48. As revenue borrowing repayment budgets are 'vehicle specific', they are expected to also fund the replacement of every vehicle acquired once it reaches life expiry – rolling budgets to fund a rolling programme of fleet replacement.

49. Borrowing repayments are estimated using forecast future lower interest rates ranging from 5.10% to 4.30%, this increases the risk of uncertainty in the annual borrowing repayment.

50. Some or all of the new prudential borrowing requirement is likely to be affected through new PWLB loans. Members will be aware that the PWLB is in the process of consulting on change to the PWLB borrowing framework. Proposed changes will restrict the circumstances in which a Council can access PWLB borrowing. The consultation makes it clear, however, that Councils can still access PWLB borrowing for capital spend that falls into one of the following categories:

    i. Service delivery
    ii. Housing
    iii. Regeneration
    iv. Refinancing (of historic PWLB debt)

51. The Fleet Replacement Plan falls under the “Service Delivery” category. The Council, therefore, assumes continued access to PWLB borrowing to finance the Plan if required.

52. Members are reminded that the reason BCP Council finds itself in this financial position is because of the differences in funding approaches used by legacy authorities. Bournemouth Borough Council historically utilised a combination of capital grant funding, one-off reserve allocations or one-off in year revenue savings to finance fleet purchases. In Christchurch a mixed approach to fleet funding was used with a proportion of fleet funded from ongoing revenue budget, others from one-off capital resource. The results of these approaches were that insufficient vehicle revenue budgets were set aside in legacy budgets through which to fund the replacement at life expiry. BCP Council has, therefore, inherited a largely ageing fleet with inadequate revenue budget provision set aside through which to fund its replacement.

53. By approving Phase Two funding of this Three Phase replacement strategy BCP Council is building towards the necessary sustainable revenue base budget funding position in 2028/29 from which Fleet Services can draw down on in future years to fund capital investment borrowing repayment for required fleet assets. This will result in a budget for the full 8 year average purchasing cycle, with budget enhancements only likely to be required for additional movement to electric vehicles and inflationary price increases. Favourable changes would result when vehicles extend beyond their previously expected useful economic life and any fall in electric vehicle acquisition costs from their current level.

VFM Assessment

54. All vehicles within the Plan have been rigorously scrutinised and challenged with regard to the future necessity of replacement need and will be again ahead of the year replacement is due. All vehicles in the Plan will be acquired through an open and transparent competitive procurement process.

55. The council considers the outright acquisition of vehicles to be more cost effective than a lease / hire option, and it also offers greater service flexibility. This is supported by marketplace monitoring. Fleet Management Officers will continue to periodically sample model procurement options with Financial and Procurement Services

56. The plan optimises expected vehicle lifespans – vehicles are intended to be replaced only when vehicle lives expire (and 10/11 years is at the high end of standard vehicle life). Repairs and maintenance budgets are consistent with this approach.

57. Based on the whole life costs modelling assumptions in Point 21 and tables above, future years revenue budget savings may be realisable as greater numbers of small electric vehicles enter the fleet replacing diesel vehicles providing reduced maintenance and operating costs. Such adjustments will be made annually as part of MTFP reviews after taking into account actual costs of automotive industry parts, tyres, general materials and skilled labour which has seen rising costs and as the service learns more about actual life costs of new EV market entrants of which there remains unknowns.

58. Fuel savings of £222k have already been adjusted and rebased as part of 205/26 budget setting process and will be reviewed annually going forward.

59. Hydrogen, deemed by some as the future fuel, will play an essential role in decarbonising many industries, long haul included. R&D for most truck manufacturers is still in its early phases, however, and widespread availability isn’t expected until later in the decade, particularly given the challenges with Green Hydrogen production and distribution.

60. In its 2024 inquiry into EV strategy, the House of Lords Environment and Climate Change Committee said that demand for electric vehicles is being constrained due to their upfront cost, inadequate charging infrastructure and general consumer scepticism.

61. Under constant budgetary pressure to reduce operating costs, local councils need to navigate and prioritise their investments with the cycle of central and local government changes. 93% of councils surveyed by the Local Government Association in 2023 highlighted insufficient funding or financing packages as the most significant blocker to transition.

62. BCP Council will need to follow the Government's delivery plan for transitioning to zero emission cars and vans, with the expectation that from 2030 the sale of new petrol and diesel cars and vans will be phased out, with larger or specialist vehicles following later.

Summary of legal implications

63. BCP Council is required to adhere with Transport legislation which is intrinsically connected to a providing a safe and compliant fleet:

    1. The Road Traffic Act 1998 Section 74
    2. The Goods Vehicle Licence of Operators 1995
    3. Traffic Act 1968

64. Proactive investment in the Fleet Replacement Programme reduces the risk of failure to comply with the requirements of the Operator's Licence and associated legislation.

Summary of human resources implications

65. There are no human resources implications arising from this report

Summary of sustainability impact

66. The purchase of new vehicles has an environmental impact in terms of the use of materials used to make the vehicles and embodied emissions from the manufacturing process. However, fleet ensure up to date procurement procedures are followed to ensure suppliers can demonstrate a proactive approach to sustainable manufacturing and supply. Replacement of existing Euro 6 diesel assets with ULEV, electric, hybrid, or where no practical alternative exists Euro 6 diesel and when available Euro 7 diesel will be procured to contribute positively to improving air quality across the conurbation.

67. Any future adoption HVO as the primary fuel for council fleet assets not proposed to be replaced by EV at this time will reduce CO2 tailpipe emissions by up to 90% thereby make a significant interim contribution towards the council's commitment to being carbon neutral by 2030 should it be necessary to accommodate a period of existing ICE vehicles still operating within replacement timelines and industry progress in addressing sustainable heavy goods vehicle and other specialist plant fuelling solutions.

Summary of public health implications

68. The Fleet Replacement Programme will help ensure vehicles are replaced in timely manner to take advantage of the latest emissions, telematics and safety related technology to improve public safety and local air quality.

69. Future removal of diesel fuel as the primary fuel source for council vehicles to HVO fuel will positively result in fewer exhaust emissions and mean improved air quality and therefore

better public health.

70. A switch to Electric Vehicles will produce a reduction in operating noise and associated quality of life. As an example, an ERCV operates at 60 decibels versus a diesel equivalent operating at 100 decibels.

Summary of equality implications

71. There are no specific issues arising from this Fleet Replacement Programme report. Vehicle specifications are assessed to consider equality implications as part of the procurement process.

Summary of risk assessment

72. Failure to replace vehicles, plant and equipment in a timely manner increases the likelihood of equipment related incidents that could result in fatality, serious injury, prosecution (including the potential for corporate manslaughter) and serious loss of reputation.
73. Poor fleet management can have a serious detrimental effect on service units' ability to deliver services cost effectively. The current combined fleet assets are approximately £44m in value and, with an annual gross budget nearing £6.5m Fleet is a significant component to ensuring business continuity and providing support for growth.
74. Climate & Ecological Emergency Declaration, delays in securing capital funding to support decarbonising the Council fleet and investment in associated infrastructure will result in the Council not achieving its 2030 carbon neutral ambition and targets will need to be revised to reflect this.

Background papers

75. Transition to a Sustainable Fleet Strategy (Published works)

Appendices

Appendix One- Live Phase Two Fleet Replacement Programme